BALANCED GROWTH

ANNUAL REPORT 2016

UNI-ASIA HOLDINGS LIMITED

Registration No. CR-72229

Incorporated in the Cayman Islands with limited liability on 17 March 1997

MISSION STATEMENT

Uni-Asia aims to be a truly trusted partner for our clients as a *producer of alternative investment opportunities* and *an integrated service provider relating to alternative investments* so as to deliver value to the Group's shareholders, clients and employees. To achieve this vision, we strive to improve the quality of our services to our clients, develop innovative new products to expand our clients' base for further growth, and strengthen our investment portfolio so as to generate recurrent returns.

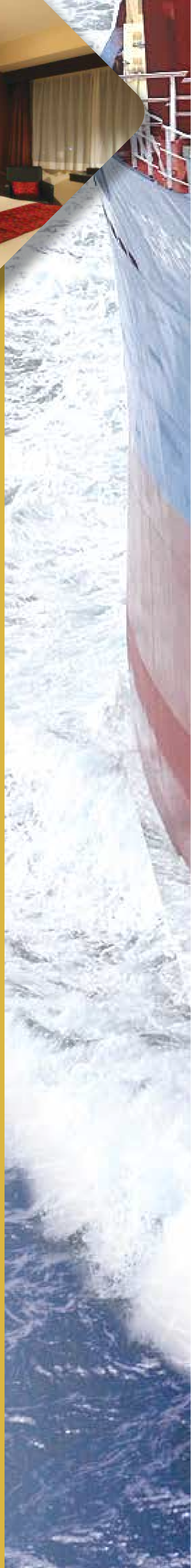
PRODUCER OF ALTERNATIVE INVESTMENT OPPORTUNITIES

Uni-Asia produces and offers alternative investment opportunities for assets such as vessels and properties to our clients.

AN INTEGRATED SERVICE PROVIDER RELATING TO ALTERNATIVE INVESTMENTS

Uni-Asia provides integrated services relating to alternative asset investments such as

1. finance arrangement;
2. sale and purchase brokerage of ships and properties;
3. ship chartering as a ship owner;
4. ship chartering brokerage;
5. ship technical management;
6. project management;
7. property leasing arrangements;
8. property management;
9. construction management; and
10. hotel operation.



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Business Model

1

- Acquire assets at competitive prices.
- Provide to clients solutions relating to alternative assets including ship and property finance arrangement, sale and purchase arrangement.

2

- Manage and/or operate assets to enhance asset value and recurrent income.

3

- Capital returns.
- Recurrent income including charter income, hotel income, administration fee income.
- Ad hoc fee including finance arrangement fee.

Chairman's Message

" Uni-Asia was founded on 17 March 1997 and 2017 marks the Group's 20th anniversary. We had weathered many troughs since our founding. We had been resilient and we had emerged stronger. 2017 is the beginning of a new decade for the Group, a new 10 years which I believe shall be brilliant for the Group."

Mr Michio Tanamoto
Chairman and CEO

DEAR VALUED SHAREHOLDERS,

On behalf of the Board and management, I present to you the annual report of Uni-Asia Holdings Limited and its subsidiaries (the "Group" or "Uni-Asia") for the financial year ended 31 December 2016 ("FY2016").

The shipping industry continues to be plagued with troubles and 2016 could be deemed one of the worst years for the shipping industry on record. The collapse of South Korea's biggest shipping line, Hanjin Shipping Co., Ltd showed us that even big companies may not be spared the cruelty of the current distressed shipping downturn. The Baltic Dry Index reached historical low levels in 2016 although it recovered some grounds towards the latter half of 2016. Against this background, we relooked at some of the assumptions which we used in the valuations of our ship investments and took non-cash fair valuation and impairment losses in our books for 2016. On the other hand, our property and hotel operation business continued to do well and its profits in FY2016 helped to buffer the losses sustained by our shipping business. The Group recorded a net loss after tax of US$12.2 million for FY2016. Notwithstanding the loss, the cashflow of the Group remains healthy. The Board has therefore proposed an ordinary dividend of 3 Singapore cents per share for FY2016. While this dividend per share is lower than that of FY2015, it reflects the Group's balance between prudent cash management and commitment to the returns of our shareholders.

Our Group's shipping portfolio currently comprises 24 ships. These include 9 small handysize dry bulk carriers under Uni-Asia Shipping Limited ("Uni-Asia Shipping"), 1 wholly-owned dry bulk carrier, 1 wholly-owned containership, and 13 ships under joint-investments including 1 product tanker, 3 containerships and 9 dry bulk carriers. Our focus for FY2016 had been to ensure our ships are chartered to credible charterers with fair charter rates as well as to ensure cost effective upkeep of our ships. Our team has also been working hard to source revenue from ship related service businesses, including brokerage and finance arrangement. While we do not expect the shipping market conditions to improve drastically in the coming 12 months, we believe that slowly but surely the shipping market would recover, as it is still the most cost efficient mode of transportation for cargoes around the world. We have positioned ourselves and are ready to capitalise on the recovery when it comes.

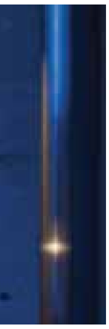
While we adopted a more defensive approach in managing our shipping portfolio in the past year, we are more aggressive in expanding our property investments. On 13 July 2016, the Group, as part of the consortium led by our investment partner, First Group Holdings Limited, won a bid to develop a commercial site at 517 Tai Lin Pai Road in Kwai Chung, New Territories in Hong Kong. This is the third Hong Kong property project investment by the Group. The Group invested HK$50 million or around US$6.4 million in this project. The existing structure on the land has been demolished and the construction of a commercial office building on the site is scheduled to be completed by 2019. Meanwhile, construction of the Group's second Hong Kong property investment at 650 Cheung Sha Wan Road is progressing well and is scheduled for completion in 2017 with realisation of proceeds expected in 2018.

In Japan, the Group's investment and construction management of small residential property projects continue to generate good returns for the Group. Our expertise in this niche sector attracted several co-investors including Singapore-based CPG Investments Pte Ltd. While the

Chairman's Message

returns from small residential projects are good, we are cautious in the selection of projects. At the same time, we are also looking for suitable opportunities to expand our property asset management business in Japan. One such initiative undertaken by the Group was the setting up of a fund by UACJ/UAI to invest in a hostel business project, where the Group rented a building in Nihonbashi-Yokoyamacho, made the necessary applications/renovations to convert the building into a hostel and sub-lease it to a hostel operator. This new initiative allows the Group to explore new businesses and gain new property expertise.

For our hotel operating business, occupancy and daily room rates remain favourable. In April 2016, the 10th hotel operated by the Group, Hotel Vista Sendai had its grand opening. This is the first time the Group operates Hotel Vista in Tohoku area. In the summer of 2017, two new hotels (Hotel Vista Premio Yokohama Minato-Mirai and Hotel Vista Nagoya Nishiki) are scheduled to open. Another 4 hotels are scheduled to open in 2018. 3 of these hotels include hotels in Tokyo Akasaka, Kyoto Takoyakushi and Hiroshima. With these additions to the Group, we will be operating 16 hotels with around 2,650 rooms, closing in on the Group's mid-term target of 3,000 rooms under operation.



Uni-Asia was founded on 17 March 1997 and 2017 marks the Group's 20th anniversary. In the first 10 years of founding, the Group built up its assets and revenue stream for listing in Singapore on its 10th anniversary year in 2007. However, the 10 years after 2007 proved to be turbulent, starting with the Lehman crisis in 2008 and ending with the shipping downturn. We had weathered many troughs since our founding. We had been resilient and we have emerged stronger. 2017 is the beginning of a new decade for the Group, a new 10 years which I believe shall be brilliant for the Group. This is because we have very strong support from our clients, business partners, bankers, shareholders, and a very dedicated and hardworking team across the different countries that the Group operates. I would like to thank you all. We shall build on our capabilities to make the Group stronger, and together, we shall build a better Uni-Asia in the coming years.

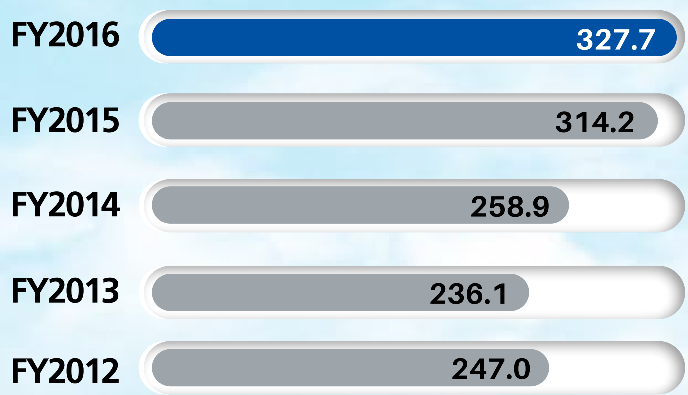
Michio Tanamoto
Chairman and CEO
Uni-Asia Holdings Limited

Group Financial Highlights

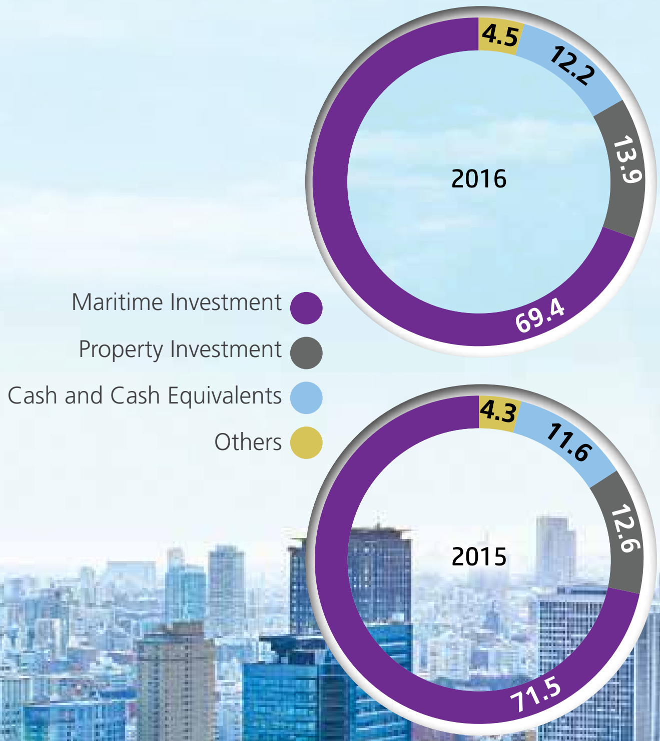
SHARE CAPITAL INFORMATION

46,979,280 ordinary shares of par value US$1.60 each
SGX Stock Code: AYF
Bloomberg Stock Code: UNIAF:SP

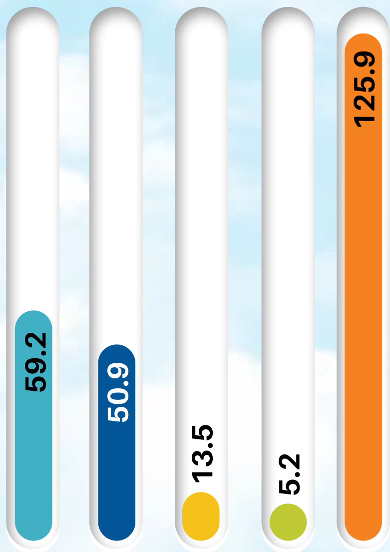
TOTAL ASSETS
US$' million



TOTAL ASSETS ALLOCATION (%)



NET ASSETS VALUE BY BUSINESS SEGMENTS
US$' million

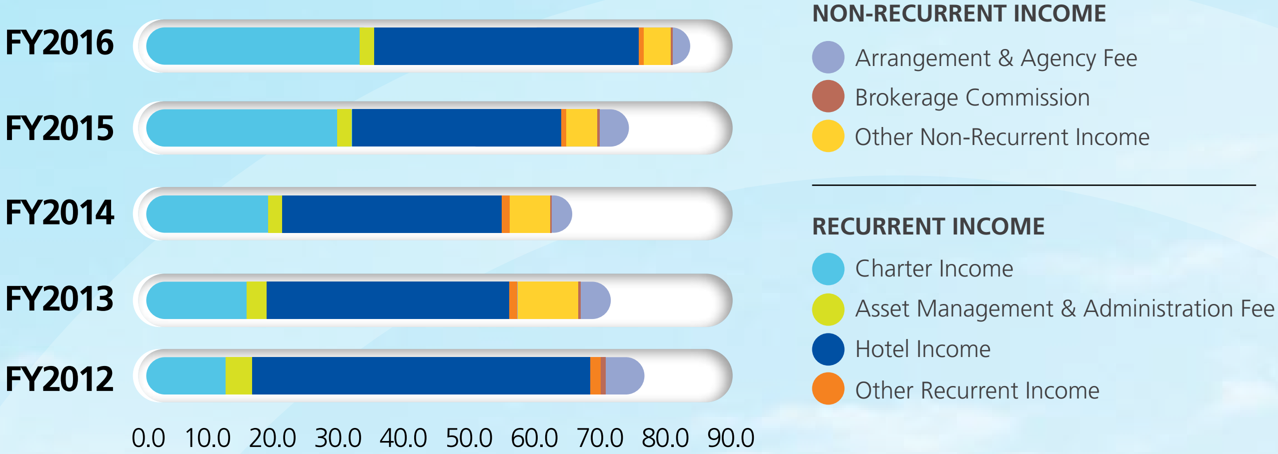


31 DECEMBER 2016

- Non-consolidated Uni-Asia
- Uni-Asia Shipping Ltd.
- UACJ & UAI
- Uni-Asia Hotels Ltd.
- Group Net Assets After Consolidation

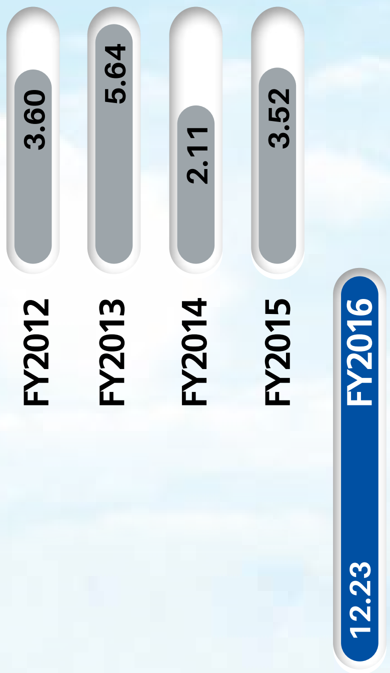
TOTAL INCOME TREND

US$' MILLION



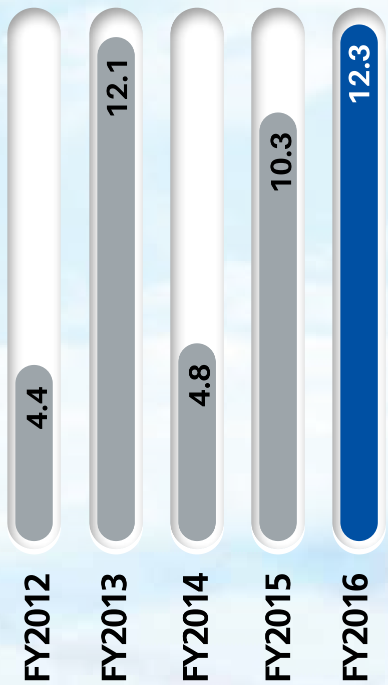
NET PROFIT / (LOSS) AFTER TAX

US$' MILLION



OPERATING CASH FLOWS

US$' MILLION



Group Financial Review

1. GROUP FINANCIAL PERFORMANCE

Selected Data	FY2016 US$'000	FY2015 US$'000	Change %
Charter income	34,252	30,465	12%
Fee income	5,824	7,796	(25%)
Hotel income	41,973	33,345	26%
Investment returns	2,134	3,961	(46%)
Interest and other income	2,115	1,485	42%
Total income	86,298	77,052	12%
Total operating expenses	(92,588)	(68,145)	36%
Operating (loss)/ profit	(6,290)	8,907	(171%)
(Loss)/ profit before tax	(11,480)	3,900	N/M
Income tax expense	(748)	(380)	97%
(Loss)/ profit for the year	(12,228)	3,520	N/M

TOTAL INCOME

Total income of the Group was $86.3 million for FY2016, a 12% increase from FY2015. Changes in major components of total income, including charter income, fee income, hotel income, investment returns and other income are explained below.

(i) Charter Income

Charter income increased by 12% to $34.3 million in FY2016 from $30.5 million in FY2015. There were 9 vessels in Uni-Asia Shipping's portfolio in FY2016 compared to 8 for FY2015. Further, a dry bulk carrier acquired by the Group in end March 2016 also contributed to the increase in charter income for FY2016. The increase is in line with the Group's strategy to build up recurring charter income.

(ii) Fee Income

Total fee income decreased by 25% from $7.8 million in FY2015 to $5.8 million in FY2016.

Fewer ad hoc arrangement and brokerage transactions in FY2016 resulted in lower arrangement and agency fees as well as brokerage commission fees.

During the year, the Group earned incentive fees from exceeding investment targets for property investment projects under management. Incentive fee income was $0.8 million for FY2016.

(iii) Hotel Income

Hotel income increased by 26% to $42.0 million in FY2016 from $33.3 million in FY2015 due mainly to an improvement in average daily rates with occupancy rates remaining strong. There was also a new hotel under operations from 2Q2016.

(iv) Investment Returns

Investment returns for FY2016 was $2.1 million compared to $4.0 million for FY2015.

In FY2016, 5 units of the office investment properties in Guangzhou, China were disposed, which gain was included in the realised gain on investment properties of $1.5 million and a corresponding reversal of fair value gain on investment properties previously recognised which was included in the fair value adjustment on investment properties of $1.7 million.

For small residential property development projects, $4.5 million realised gain was recognised in FY2016.

The continued depressed shipping market resulted in the Group taking in further fair valuation losses of $2.4 million for the ship investment in 4Q2016 resulting in a fair value loss of $7.1 million for ship investment in FY2016.

Meanwhile, $5.6 million fair valuation gain was booked for the Group's second Hong Kong property project.

(v) Other Income

The Group acquired the remaining 50% of the shareholding interest in Joule not owned by the Group on 31 March 2016 with a consideration of $250,000 and booked a gain on bargain purchase of approximately $1.0 million under Other Income. Other Income was $1.4 million for FY2016.

TOTAL OPERATING EXPENSES

Total operating expenses for the Group increased 36% from $68.1 million in FY2015 to $92.6 million in FY2016. Amortisation and Depreciation, and Vessel Operating Expenses increased due to new vessels delivered/acquired. Hotel Lease Expenses and Hotel Operating Expenses increased due to increase in expenses corresponding with an increase in hotel income as well as increase in hotels under operations.

In 4Q2016, one of Japan's major shipping companies announced their half year results in late October with a substantial loss from impairments and provision for contracts due to the continued dismal shipping market. This prompted professional shipping valuation firms, including the Group's external professional valuation firm, to revalue downwards the assumptions used for valuations. As a result, other than the fair valuation losses for ship investments booked by the Group under investment returns, the Group also provided $8.6 million impairment losses for ships held under property, plant and equipment. In addition, the Group provided $3.5 million for onerous contract of a ship sale and leaseback contract.

OPERATING LOSS

Due to the above factors, the Group posted an operating loss of $6.3 million for FY2016, a reversal of an operating profit of $8.9 million for FY2015.

FINANCE COSTS

Finance costs (interest expense and others) increased by 32% in FY2016 compared to FY2015 due to increased borrowings to finance new investments.

NET LOSS AFTER TAX

The Group posted a net loss after tax of $12.2 million for FY2016 compared to a net profit after tax of $3.5 million for FY2015.

2. CASH FLOWS

Selected Data	FY2016 US$'000	FY2015 US$'000
Net cash flows generated from operating activities	12,331	10,302
Net cash flows used in investing activities	(10,486)	(83,623)
Net cash flows generated from financing activities	5,152	67,533
Net Increase/(decrease) cash and cash equivalents	6,997	(5,788)
Net effects of foreign exchange rate changes	(1,779)	(199)
Cash and cash equivalents at beginning of the year	30,334	36,321
Cash and cash equivalents at end of the year	35,552	30,334

The Group's cash and cash equivalents increased by $5.2 million.

Cash flows generated from operating activities amounted to $12.3 million for FY2016 compared to $10.3 million in FY2015. This is mainly due to increase in ships generating charter income which contributed to increase in operating cash flow.

Cash flows used in investing activities were $10.5 million for FY2016 due mainly to payment for delivery and acquisition of vessels as well as investments in small residential property projects (under Purchase of Investment Properties and Purchase of Investments). Payment for investments were partially offset by disposal and income proceeds from investments.

Cash flows generated from financing activities were $5.2 million in FY2016 due mainly to new borrowings in FY2016 to finance investment acquisitions offset by scheduled borrowings repayments. Dividend for FY2015 approved in AGM was paid in 2Q2016.

Corporate Milestones

2016

- Took delivery of the 9th vessel owned by Uni-Asia Shipping in January.
- In March, the Group acquired the remaining 50% of Joule Asset Management (Pte.) Limited from the Group's co-investor, increasing the Group's shareholding in Joule to 100%. Joule owns a 29,000 DWT dry bulk carrier built in 2012.
- 238 rooms Hotel Vista Sendai, the 10th hotel operated by the Group, opened on 27 April 2016.
- In July, the Group invested in its third Hong Kong property redevelopment project at Kwai Chung Town Lot No. 517 at Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The land is being developed into a commercial office building to be completed by 2019.
- In September, the Group jointly invested in an Alero project with Singapore based CPG Investments Pte Ltd, an attestation to the quality of Alero investments.
- In December, UACJ/ UAI set up a fund to invest in a hostel business project, where a building was rented in Nihonbashi-Yokoyamacho, converted into a hostel and sub-leased to a hostel operator. This is a new business area which will widen the Group's property expertise.

- Took delivery of the 7th vessel owned by Uni-Asia Shipping in February.
- Took delivery of the 8th vessel owned by Uni-Asia Shipping in March.
- Acquisition of two 3,500TEU containerships from Akebono Fund, one of which is 100% owned while another 50% owned.
- Completed 10-to-1 share consolidation. Number of shares is now 46,979,280 shares although paid-up capital remains as US$75,166,848.
- Established new wholly-owned subsidiary Uni Ships and Management Korea Ltd. in South Korea to promote the Company's ship-related services.
- 99.5% owned subsidiary Uni-Asia Capital (Japan) Ltd. was designated as the Group's investment holding arm in Japan and changed its company name to Uni-Asia Investment Ltd.
- Wholly-owned Uni-Asia Finance Corporation (Japan) was designated as the Group's investment advisory and asset management arm in Japan and changed its company name to Uni-Asia Capital (Japan) Ltd.

2015

- Placed order for a 51% owned handysize bulker. Ships owned by Uni-Asia Shipping increased to 9 and ship portfolio under Uni-Asia Shipping including ships under commercial management increased to 12.
- Took delivery of the 6th vessel owned by Uni-Asia Shipping in July.
- The Group invested in its second Hong Kong property redevelopment project at 650 Cheung Sha Wan Road. The land is being developed into a commercial office building to be completed by 2017.
- Sold 5 of the 14 office units in China Shine Plaza in Guangzhou, China.
- Business office in Hong Kong moved to 30/F., Prosperity Millennia Plaza, No. 663 King's Road, North Point, Hong Kong.

2014

- Company name was from Uni-Asia Finance Corporation to "**Uni-Asia Holdings Limited**" to better reflect the business of the Company.
- Established Uni Ships and Management (Taiwan) Limited in Taiwan.
- Acquired 51% stake in Wealth Ocean Ship Management Shanghai Co., Ltd, a ship management company to boost the Group's ship management capability.

2013

2012

- Capital Advisers changed its company name to Uni-Asia Capital (Japan) Ltd. ("UACJ").
- Completed and sold first small residential project "ALERO ShimoMeguro".

2011

- Restructured the Company's shareholding structure in Japan subsidiaries with wholly-owned subsidiary Uni-Asia Hotels Limited ("Uni-Asia Hotels") acquiring the shares of the three hotel operating companies from Capital Advisers. Uni-Asia Hotels is now the main subsidiary group of the Company focusing on hotel operating business.
- Issued 156,597,600 new shares by way of Rights Issue. Paid-up capital was increased from US$50,111,232 comprising 313,195,200 shares to US$75,166,848 comprising 469,792,800 shares.
- Increased equity interest in Capital Advisers to 99.5%.

2010

- Increased equity interest in Capital Advisers to 96.9%.
- Uni-Asia Shipping Limited was established as a wholly-owned subsidiary of the Company to invest wholly or majority in ships.

2009

- Issued 52,199,200 new shares via private placement. Paid-up capital was increased from US$41,759,360 comprising 260,996,000 shares to US$50,111,232 comprising 313,195,200 shares

2008

- Increased equity interest in Capital Advisers to 92.7%.
- Increased equity interest in Uni Ships and Management Limited to 100%.

2007

- Successfully listed on the Main Board of Singapore Exchange Securities Trading Limited.
- Acquired 14 office units in China Shine Plaza located in Guangzhou, China.
- Launched Akebono Fund.

2005

- Capital Advisers acquired Sun Vista Co., Ltd, a hotel operating company from an unrelated third party. This is the beginning of the Group's venture into hotel operating business.
- Launched container vessel fund which focus on investment of container vessels.

2004

- Launched private ship investment fund Searex I & II.
- Established the GCAP Fund, which is jointly managed by Grosvenor Asia and Capital Advisers through Grosvenor Capital Advisers Fund Management Co. Ltd.

2003

- Capital Advisers issued new shares to third parties. The Group's equity interest in Capital Advisers was reduced to 44.8%.

2000

- Capital Advisers Co., Ltd. ("Capital Advisers") was established as a wholly-owned subsidiary of the Company in Japan for property investment and management.

1998

- Expanded into investment in alternative assets, including distressed assets.

1997

- Uni-Asia Finance Corporation ("Uni-Asia") was incorporated in the Cayman Islands with business presence in Hong Kong and Singapore.

UNI-ASIA BUSINESS

SHIPPING • PROPERTY • HOTEL


GLENGYLE

Shipping Business

The business strategy employed by the Group towards shipping is to offer one-stop integrated ship-related service solutions for clients. Ship investors can approach us for ship investments; ship operators can look for us for ship chartering and management; and ship owners can contact us for ship finance arrangement solutions. The Group's shipping business is managed by Uni-Asia Holdings Limited and its wholly-owned subsidiaries, Uni-Asia Shipping Limited, Uni-Asia Capital (Singapore) Limited, as well as Uni Ships and Management Limited. Each of these teams has its own area of responsibilities yet work closely with each other to derive the greatest value from the Group's shipping arm. The following are the services we offer:

UNI-ASIA SHIPPING

Uni-Asia Shipping has been earmarked as the Group's ship owning subsidiary focusing on a portfolio of dry bulk carriers to provide a stable recurrent charter income base to the Group. Further, Uni-Asia Shipping is able to provide commercial management of ships and has started proving such services to external clients. Uni-Asia Shipping's commercial management portfolio includes 7 ships under joint investment companies. Such services generate recurrent commercial management fee income which supplement Uni-Asia Shipping's charter income.

SHIP PORTFOLIO LIST UNDER UNI-ASIA SHIPPING[1]

UNI-ASIA HOLDINGS LIMITED

100%

Uni-Asia Shipping Limited

	Name of Subsidiary	DWT	Shipyard	Built	Charter Status
100%	Luna Bulkship S.A.	28,300	Kanda	May-2001	Time/Voyage charter
100%	Karat Bulkship S.A.[2]	28,709	Shin-Kurushima	Jun-2007	Time/Voyage charter
83%	Hope Bulkship S.A.	29,000	Y-Nakanishi	May-2011	Time/Voyage charter
100%	Imperial Bulkship S.A.	29,100	Y-Nakanishi	Jun-2012	Time/Voyage charter
100%	Jade Bulkship S.A.	37,000	Onomichi	Jun-2013	Time charter
100%	Jubilee Bulkship S.A.	37,000	Imabari	Jul-2014	Time charter
51%	Regina Bulkship S.A.	37,000	Imabari	Feb-2015	Time charter
100%	Mable Bulkship S.A.	37,000	Imabari	Mar-2015	Time charter
100%	Nora Bulkship S.A.	37,000	Imabari	Jan-2016	Time charter

[1] Excluding commercial management ships

[2] Bareboat vessel

(As at 28 February 2017)

Shipping Business

WHOLLY-OWNED SHIP PORTFOLIO

Other than the ships held by subsidiaries of Uni-Asia Shipping, Uni-Asia Holdings Limited has the following ships held by wholly-owned subsidiaries:

	Name of Subsidiary	Type of Ship	Capacity	Shipyard	Year of Built	Charter Status
1.	Florida Containership S.A.	Containership	3,500 TEU	Hyundai Mipo	2007	Time charter
2.	Joule Asset Management (Pte.) Limited	Bulker	29,000 DWT	Y-Nakanishi	2012	Time charter

(As at 28 February 2017)

JOINT INVESTMENT COMPANIES

The Group has extensive experience in ship asset investment management and administration, commercial and technical management of ships as well as arrangement of financing solutions for assets including ships. By investing in joint investment companies and shipping fund, the Group is able to enjoy investment returns and at the same time receive fees from administering and managing these investments.

SHIP PORTFOLIO UNDER JOINT INVESTMENT COMPANIES

	Name of Joint Investment Company	Ownership Percentage	Type	Capacity	Year of Built	Shipyard
1.	Panmax Tanker S.A.	36.45%	Product Tanker	50,000 DWT	2010	Onomichi
2.	Fortuna Containership S.A.	50%	Container	3,500 TEU	2007	Hyundai Mipo
3.	Glory Bulkship S.A.	45%	Bulker	29,000 DWT	2009	Y-Nakanishi
4.	Matin Shipping Ltd.	49%	Bulker	37,300 DWT	2011	Imabari
5.	Prosperity Containership S.A.	50%	Container	4,300 TEU	2007	Hyundai Mipo
6.	Rich Containership S.A.	50%	Container	4,300 TEU	2007	Hyundai Mipo
7.	Olive Bulkship S.A.	18%	Bulker	57,000 DWT	2015	Tsuneishi
8.	Polaris Bulkship S.A.	18%	Bulker	57,000 DWT	2015	Tsuneishi
9.	Quest Bulkship S.A.	18%	Bulker	37,000 DWT	2016	Imabari
10.	Stella Bulkship S.A.	18%	Bulker	37,600 DWT	2018	Imabari
11.	Tiara Bulkship S.A.	18%	Bulker	37,600 DWT	2019	Imabari
12.	Unicorn Bulkship S.A.	18%	Bulker	36,400 DWT	2018	Oshima
13.	Victoria Bulkship S.A.	18%	Bulker	36,400 DWT	2018	Oshima

(As at 28 February 2017)

SHIP MANAGEMENT

In terms of ship management, the Group owns Wealth Ocean Ship Management (Shanghai) Co., Ltd, a ship management company based in Shanghai. Having a ship management company allows us to better control the management of our vessels thereby delivering better value to our vessel charterers. At the same time, our ship management company is able to ensure better upkeep of our vessels thus preserving the value of our vessels. Further, ship management services provided to third parties' ships will expand the Group's income base.

INTEGRATED SERVICE PROVIDER FOR MARITIME INVESTMENT

Uni-Asia's strategy is to be an integrated service provider for maritime investment. We differentiate ourselves from other players by being able to offer our clients and investors a wide array of maritime services from ship investment, ship chartering and ship management, to ship finance arrangement solutions. This strategy provides us with resilience as well growth in the long term.

OFFICES IN ASIA

To expand our outreach, in 2015, the Group established Uni Ships and Management Korea Ltd. in Seoul, South Korea. Together with our offices in Hong Kong, Japan, Singapore and Uni Ships and Management (Taiwan) Limited established in Taiwan in 2013, the Group is able to better promote our ship-related services to clients in these jurisdictions and neighbouring regions.

Property Business

The Property Investment and Management business of the Group is managed by Property Investment Department ("PID") in Hong Kong as well as the Group's investment advisory and asset management arm in Japan, Uni-Asia Capital (Japan) Limited ("UACJ"). The two teams each has its own area of focus, yet work hand-in-hand to leverage on each other's strengths to create positive synergies for the Group. Uni-Asia Investment Ltd ("UAI") is the Group's property investment holding entity in Japan. The following are the services offered by the Group's property team:

PROPERTY INVESTMENT DEPARTMENT IN HONG KONG

- Property investment advisory
- Investment / joint investment in property projects in China, Hong Kong, Japan and other countries in Asia
- Introduction of investors in Asia ex-Japan for investments into Japan and vice versa
- Marketing of small residential projects in Tokyo to investors
- Distressed assets investment management

UNI-ASIA CAPITAL (JAPAN) LIMITED

- Property investment advisory in Japan
- Management of property investment funds, including residential and hotel funds. Expertise includes deal sourcing, cash flow management and disposal strategy
- Management of small residential property development projects in Tokyo under the brand name "ALERO". Expertise includes sourcing for suitable sites, overseeing of design and construction of projects as well as disposal strategy
- Deal arrangement services for sale and purchase of residential and hotel properties
- Finance arrangement services including providing solutions for hotel property owners to refinance their borrowings

UNI-ASIA INVESTMENT LTD

- Investment holding in Japan

HONG KONG PROPERTY INVESTMENT

2ND HONG KONG PROPERTY PROJECT

- The Group's 2nd Hong Kong property redevelopment project is located at 650 Cheung Sha Wan Road in Hong Kong.
- The Group has a proportionate share of around 13.3% or HKD80.0 million (around USD10.4 million).
- The land is being developed into a commercial office building slated to be completed by 2017.

1. Original building on the land before demolition

2. Site after demolition of original building

3. Site under construction

4. Designer's drawings on completed building

3RD HONG KONG PROPERTY PROJECT

- The Group's 3rd Hong Kong property redevelopment project is located at Kwai Chung Town Lot No. 517 at Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.
- The Group has a proportionate share of around 11.9% or HKD50.0 million (around USD6.4 million).
- The land is being developed into a commercial office building slated to be completed by 2019.

Property Business

SMALL RESIDENTIAL PROPERTY PROJECTS IN JAPAN

- The Group invests and develops small residential property projects in Tokyo, named "ALERO" Series.
- These projects are typically 4 - 5 storey buildings with 10 - 30 units of studio or maisonette type flats, and are popular with working singles/couple.
- The Group's exit strategy is either to sell the property en bloc or lease out for rental income.
- ALERO promotion video on our website:

  http://www.uni-asia.com/business_property_japan.html

CONSTRUCTION MANAGEMENT IN JAPAN

- Utilising our Small Residential Property project expertise, UACJ helps external clients with construction management of similar projects. An overview of construction management process:

HOSTEL BUSINESS PROJECT

UACJ/UAI set up a fund to invest in a hostel business project, where a building was rented in Nihonbashi-Yokoyamacho, converted into a hostel and sub-leased to a hostel operator. This is a new business area which will widen the Group's property expertise.

Small Residential Projects

in Tokyo, Japan

SOLD LEASING **(As at 28 February 2017)**

1. ShimoMeguro Project completed in Sep 2012	**2. Akebonobashi Project** completed in Mar 2013	**3. Hatagaya Project** completed in Jun 2013	**4. Sakura-shimmachi Project** completed in Oct 2013	**5. Honancho Project** completed in Jan 2014
6. Sengoku Project completed in Mar 2014	**7. Ookayama Project** completed in Jul 2014	**8. ChitoseFunabashi Project** completed in Nov 2014	**9. Mejiro Project** completed in Nov 2014	**10. Ookayama3 Project** completed in Sep 2015
11. Hakusan2 Project completed in Feb 2016	**12. Edogawabashi Project** completed in Sep 2015	**13. Nishi Waseda Project** completed in Jun 2016	**14. Higashi Shinjuku Project** completed in Apr 2016	**15. Nakano Sakaue Project**
16. Takadanobaba Project completed in Jun 2016	**17. Otowa Project** completed in Jun 2016	**18. Sasazuka Project** completed in Feb 2017	**19. Higashi Koenji Project** completed in Feb 2017	**20. Nakano 3-chome Project** scheduled to complete in Aug 2017
21. Okusawa Project scheduled to complete in Sep 2017	**22. Nishi Kamata Project** scheduled to complete in Sep 2017	**23. Komazawa Daigaku Project** scheduled to complete in Nov 2017	**24. Hakusan III Project** scheduled to complete in Dec 2017	**25. Sangenjaya Project** scheduled to complete in Mar 2018

Hotel Business

The Group's hotel operating arm, Vista Hotel Management Co., Ltd ("VHM") operates 9 hotels under "Hotel Vista" brand name and 1 hotel under "JAL City Naha". The rooms in our hotels adopt a unique yet functional layout design such as the separation of bathroom and washroom. Such designs are popular with Japanese customers. Accordingly, VHM hotels received good reviews from customers on online travel websites and have many repeat customers.

VISTA HOTEL MANAGEMENT CO., LTD

- Hotel operations under "Hotel Vista" brand name or a brand name as dictated by the owner of the hotel
- Hotel pre-opening services, including assistance in planning of hotel layout and logistic advisory
- Hotel development advisory
- Hotel renovation and improvement management

HOTEL VISTA SAPPORO NAKAJIMA KOHEN

Location: Sapporo Hokkaido
Number of rooms: 113

HOTEL VISTA KAMATA TOKYO

Location: Kamata, Tokyo
Number of rooms: 105

HOTEL VISTA ATSUGI

Location: Atsugi, Kanagawa
Number of rooms: 165

HOTEL VISTA PREMIO KYOTO

Location: Kyoto, Kyoto
Number of rooms: 84

HOTEL VISTA PREMIO DOJIMA

Location: Dojima, Osaka
Number of rooms: 141

HOTEL VISTA KUMAMOTO AIRPORT

Location: Kumamoto, Kumamoto
Number of rooms: 139

HOTEL JAL CITY NAHA

Location: Naha, Okinawa
Number of rooms: 304

HOTEL VISTA SENDAI

Location: Sendai, Tohoku
Number of rooms: 238

HOTEL VISTA EBINA

Location: Ebina, Kanagawa
Number of rooms: 176

HOTEL VISTA SHIMIZU

Location: Shimizu, Shizuoka
Number of rooms: 152

Hotel Business

NEW HOTELS

Opened in 2016

HOTEL VISTA SENDAI
OPENED ON 27 APRIL 2016

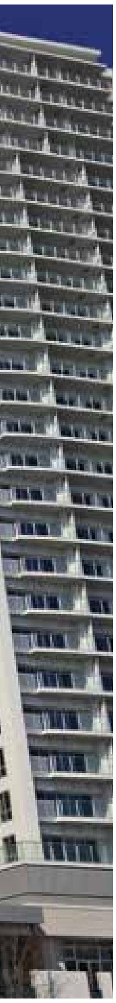
The 10th hotel operated by the Group, 238 rooms Hotel Vista Sendai, opened on 27 April 2016. This is the first time the Group operates Hotel Vista in Tohoku area. Sendai is the central business city of Tohoku area. Many companies set up their branches in Sendai as a hub to other Tohoku area. The hotel is approximately 4 minutes' walk from Sendai station. A new subway station, Miyagino-dori station, which is next to the hotel opened in December 2015. Hotel Vista Sendai is one of the official supporters of Tohoku Rakuten Eagles, a professional baseball team based in Sendai. More information of this hotel can be found in the hotel's Japanese webpage: http://www.hotel-vista.jp/sendai/

To be opened in 2017

HOTEL VISTA PREMIO YOKOHAMA MINATO-MIRAI
GRAND OPENING ON 30 JUNE 2017

This hotel has 232 rooms and is located in "Minato Mirai 21" ("MM21") in Yokohama Bay area. MM21 is an area in Yokohama Bay that is seeing a growth in the number of companies, restaurants, shops and cultural facilities. International conferences are often being held in MM21 area and the area is expected to get more popular in the future.

This hotel features a lobby on the top floor of the hotel with a magnificent view of Yokohama Bay. More information of this hotel can be found in the hotel's Japanese webpage: http://www.hotel-vista.jp/yokohama-minato-mirai/



HOTEL VISTA NAGOYA NISHIKI - SCHEDULED FOR OPENING IN SEPTEMBER 2017

The hotel, which will have 140 rooms, is currently under construction. This is the first time the Group shall operate a Vista hotel in Nagoya. Nagoya ranks amongst Tokyo and Osaka as one of the biggest cities in Japan. The location of the hotel is in the downtown area of Nagoya. UACJ is the asset manager of this construction project.

To be opened in 2018

HOTEL VISTA PREMIO TOKYO AKASAKA
SCHEDULED FOR OPENING IN 2018 SPRING

The hotel is currently in construction planning phase and 140 rooms are currently being planned. The hotel is located in Akasaka, one of the famous commercial area in Tokyo, located west of the government centre in Nagatachō and north of the Roppongi district.

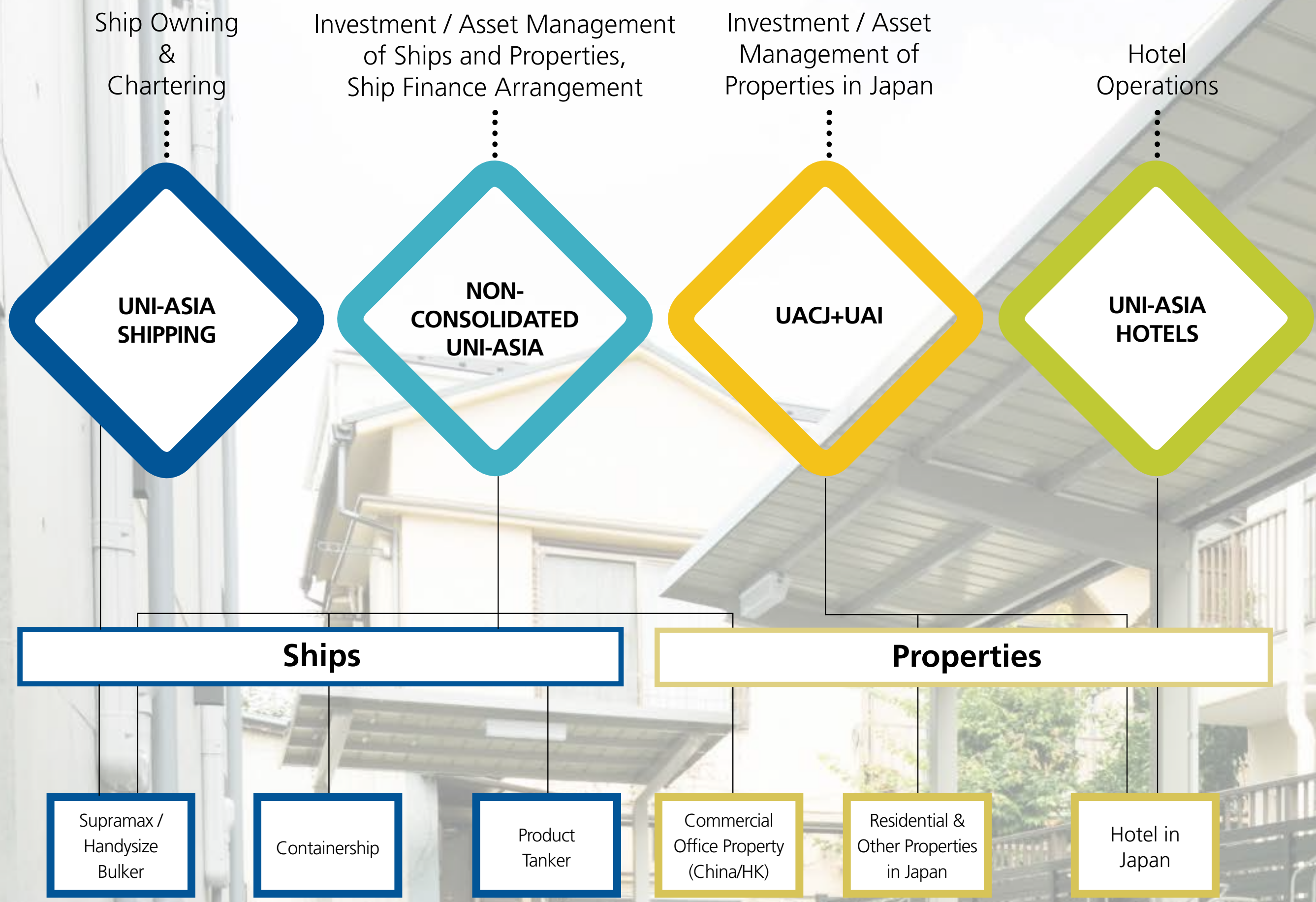
HOTEL VISTA HIROSHIMA
SCHEDULED FOR OPENING IN 2018 SUMMER

The hotel is currently under construction and 228 rooms are currently being planned. The location of the hotel is in the most famous commercial area of Hiroshima. Hiroshima is home to two World Heritage sites: Atomic Bomb Dome and Itsukushima Shinto Shrine.

HOTEL VISTA PREMIO KYOTO SHINMACHI TAKOYAKUSHI (TENTATIVE NAME)
SCHEDULED FOR OPENING IN 2018 SUMMER

The hotel is currently under planning phase and 84 rooms are currently being planned. The location of the hotel is in the centre of Kyoto.

Business Segments



Income Structure

Our income can be categorised as:

1. Charter income / 2. Fee income / 3. Hotel income / 4. Investment returns / 5. Interest income

Classification of Income per Income Statement	Sub-Classification of Income	**Non-Consolidated Uni-Asia** Investment/ Asset Management of Ships and Properties, Ship Finance Arrangement	**Uni-Asia Shipping** Ship Owning and Chartering	**UACJ + UAI** Investment/ Asset Management of Properties in Japan	**Uni-Asia Hotels** Hotel Operations
		BUSINESS SEGMENTS AND ACTIVITIES			
Charter Income		Chartering of vessels to third parties	Chartering of vessels to third parties		
Fee Income	Asset Management & Administration Fee	Asset management and administration of investment fund/ investment companies	Commercial management	Asset management and administration of investment fund/ investment companies	
Fee Income	Arrangement & Agency Fee	Finance arrangement/ Agency work/ Arrangement of acquisition and disposal		Finance arrangement/ Agency work/ Arrangement of acquisition and disposal	
Fee Income	Brokerage Commission	Brokerage of vessel charter			
Fee Income	Incentive Fee	Fees for meeting investment target		Fees for meeting investment target	
Hotel Income					Management of hotel operations
Investment Returns	Realised Gain/ (Loss)	Realised gain and loss on investments/financial instruments	Realised gain and loss on investments/financial instruments	Realised gain and loss on investments/financial instruments	
Investment Returns	Fair Value Adjustment	Fair value adjustments on investments/financial instruments	Fair value adjustments on investments/financial instruments	Fair value adjustments on investments/financial instruments	
Investment Returns	Property Rental	Rental from investment properties		Rental from investment properties/hotels	
Interest Income		Bank deposit interest/ Interest from bridge or shareholders' loan	Bank deposit interest	Bank deposit interest and finance lease interest	Bank deposit interest

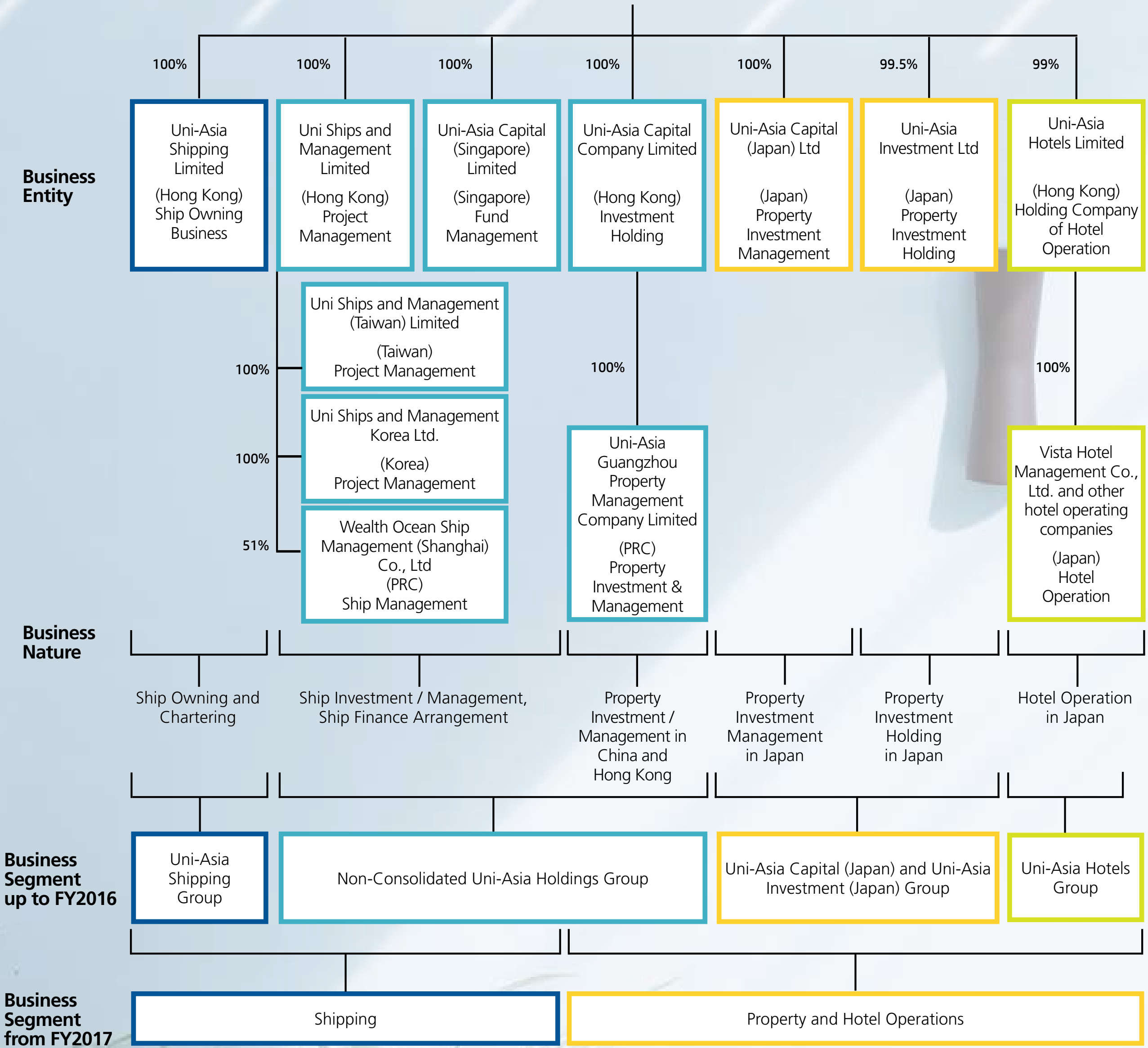
Corporate Organisation

UNI-ASIA HOLDINGS LIMITED

(incorporated in the Cayman Islands)

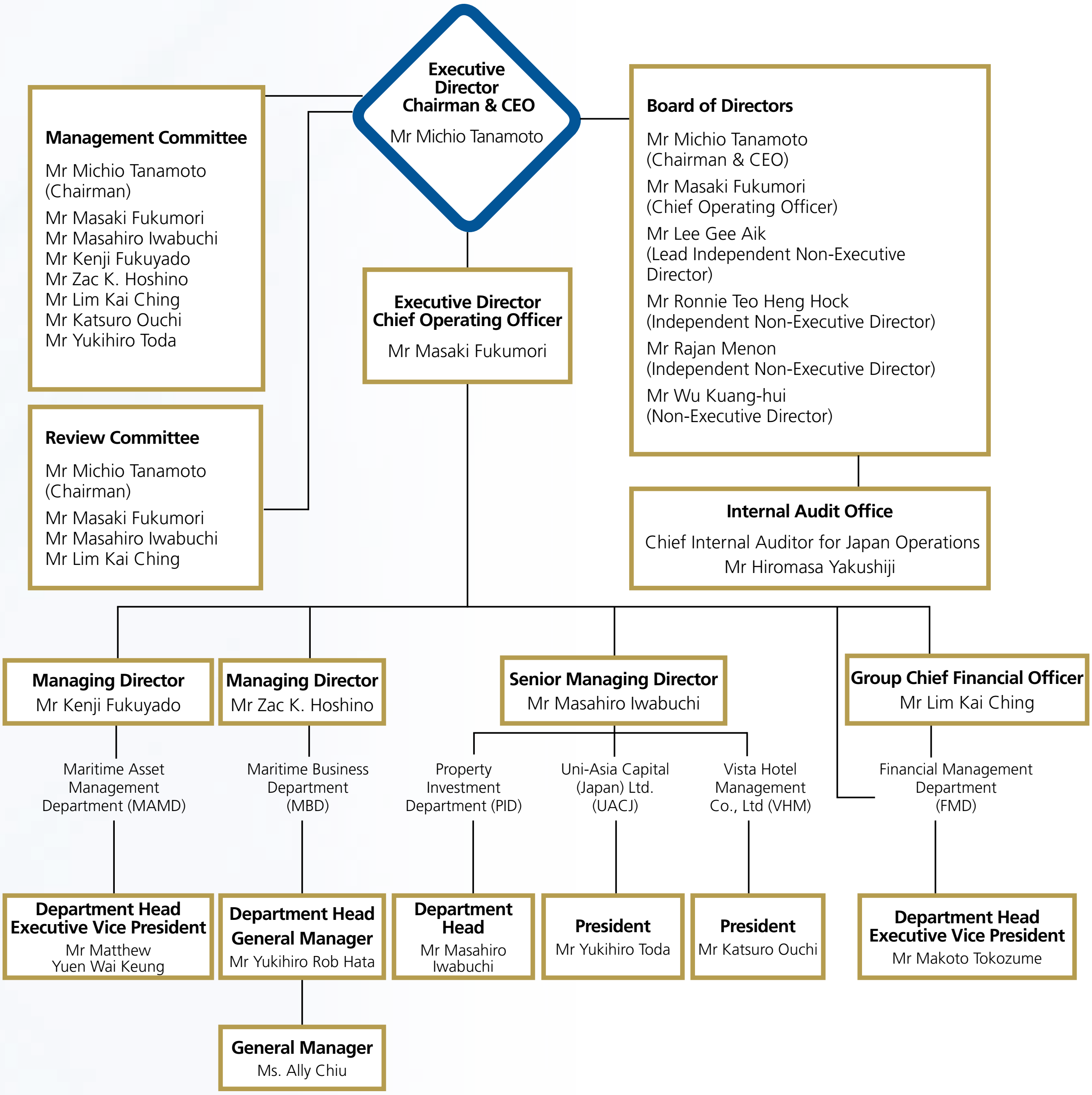
(Hong Kong)
Alternative Asset Management

Listed on SGX



As at 28 February 2017
Above represents major group compenies only for illustrative purpose.

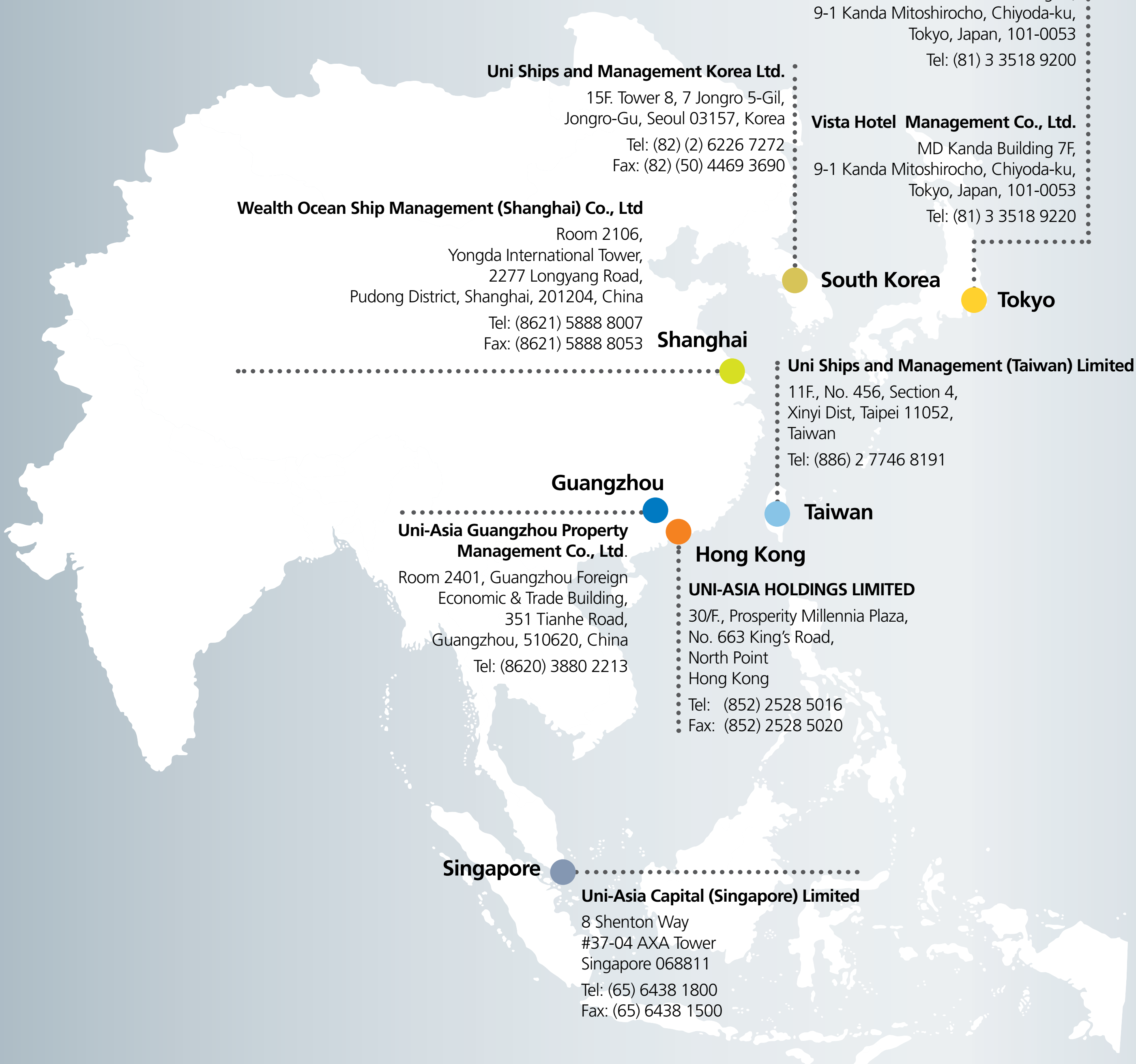
Management Organisation



Note:

* *Note:*
Uni-Asia Capital (Japan) Ltd. is the investment advisory and asset management arm in Japan while Uni-Asia Investment Ltd is the Group's Japan property investment holding arm.

Corporate Information



Uni-Asia Capital (Japan) Ltd.
MD Kanda Building 7F,
9-1 Kanda Mitoshirocho, Chiyoda-ku,
Tokyo, Japan, 101-0053
Tel: (81) 3 3518 9200

Vista Hotel Management Co., Ltd.
MD Kanda Building 7F,
9-1 Kanda Mitoshirocho, Chiyoda-ku,
Tokyo, Japan, 101-0053
Tel: (81) 3 3518 9220

Uni Ships and Management Korea Ltd.
15F. Tower 8, 7 Jongro 5-Gil,
Jongro-Gu, Seoul 03157, Korea
Tel: (82) (2) 6226 7272
Fax: (82) (50) 4469 3690

Wealth Ocean Ship Management (Shanghai) Co., Ltd
Room 2106,
Yongda International Tower,
2277 Longyang Road,
Pudong District, Shanghai, 201204, China
Tel: (8621) 5888 8007
Fax: (8621) 5888 8053

Uni Ships and Management (Taiwan) Limited
11F., No. 456, Section 4,
Xinyi Dist, Taipei 11052,
Taiwan
Tel: (886) 2 7746 8191

Uni-Asia Guangzhou Property Management Co., Ltd.
Room 2401, Guangzhou Foreign
Economic & Trade Building,
351 Tianhe Road,
Guangzhou, 510620, China
Tel: (8620) 3880 2213

UNI-ASIA HOLDINGS LIMITED
30/F., Prosperity Millennia Plaza,
No. 663 King's Road,
North Point
Hong Kong
Tel: (852) 2528 5016
Fax: (852) 2528 5020

Uni-Asia Capital (Singapore) Limited
8 Shenton Way
#37-04 AXA Tower
Singapore 068811
Tel: (65) 6438 1800
Fax: (65) 6438 1500

NUMBER OF EMPLOYEES AS AT 31 DECEMBER 2016

HONG KONG	SINGAPORE	JAPAN	CHINA	TAIWAN	SOUTH KOREA	TOTAL
35	7	267	11	1	1	322

Notes:

1. Number of employees includes executive directors.
2. Number of employees in Japan includes 232 hotel staff.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Michio Tanamoto
(Chairman and Chief Executive Officer)

Masaki Fukumori
(Executive Director and Chief Operating Officer)

NON-EXECUTIVE DIRECTORS

Lee Gee Aik
(Lead Independent Non-Executive Director)

Ronnie Teo Heng Hock
(Independent Non-Executive Director)

Rajan Menon
(Independent Non-Executive Director)

Wu Kuang-hui
(Non-Executive Director)

AUDIT COMMITTEE

Lee Gee Aik (Chairman)
Ronnie Teo Heng Hock
Rajan Menon
Wu Kuang-hui

NOMINATING COMMITTEE

Ronnie Teo Heng Hock (Chairman)
Lee Gee Aik
Rajan Menon

REMUNERATION COMMITTEE

Rajan Menon (Chairman)
Lee Gee Aik
Ronnie Teo Heng Hock

COMPANY SECRETARY

Joanna Lim Lan Sim, ACIS

SHARE REGISTRAR AND SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898

AUDITOR

Ernst & Young LLP
One Raffles Quay North Tower, Level 18
Singapore 048583
Partner-in-charge: Wilson Woo Siew Wah
(Appointed in 2014)

PRINCIPAL BANKERS

MIZUHO BANK LIMITED

Hong Kong Branch
17/F., Two Pacific Place
88 Queensway
Hong Kong

THE HONG KONG AND SHANGHAI BANKING CORPORATION LIMITED

Head Office
1 Queen's Road Central, Hong Kong

BANK SINOPAC

Hong Kong Branch
18/F., One Peking
1 Peking Road
Tsim Sha Tsui, Hong Kong

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.

No. 100, Chi Lin Road, Taipei 10424, Taiwan, R.O.C.

CTBC BANK CO., LTD.

No 168, Jingmao 2nd Road, Nangang Dist.,
Taipei 11568, Taiwan, R.O.C.

THE BANK OF EAST ASIA, LIMITED

Singapore Branch
60 Robinson Road BEA Building
Singapore 068892

COMPANY REGISTRATION NO. CR-72229

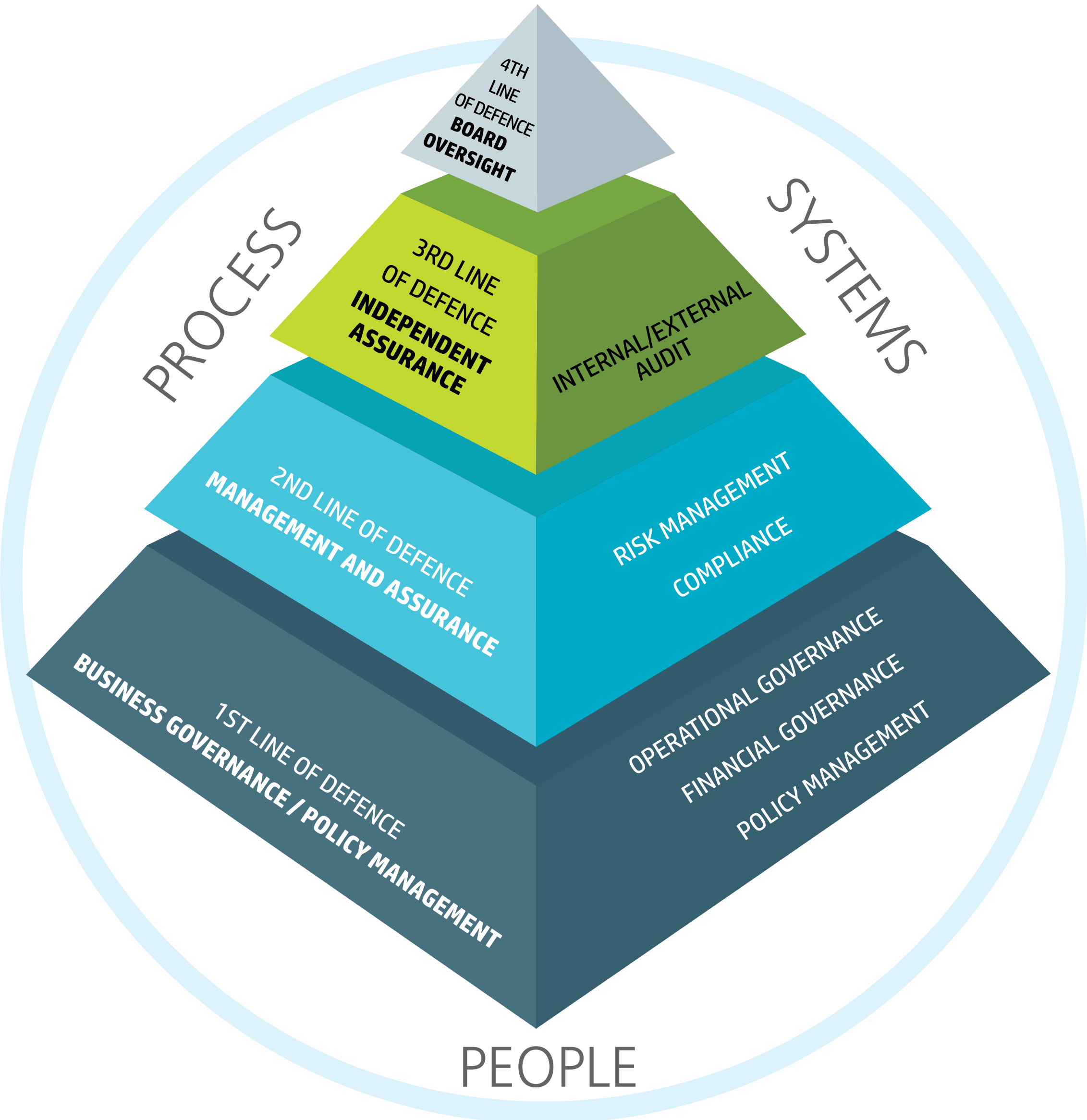
REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY 1-1104
Cayman Islands
Tel: (1 345) 949 8066
Fax: (1 345) 949 8080

CORPORATE WEBSITES

(available in English and Japanese):
Uni-Asia Holdings Limited: www.uni-asia.com
Uni-Asia Shipping Limited: www.uniasiashipping.com
Uni-Asia Capital (Japan) Ltd: www.uni-asia.co.jp
Vista Hotel Management Co., Ltd.: www.hotel-vista.jp

Risk Management



RISK MANAGEMENT FRAMEWORK

In 2012, the Group engaged external consultants from KPMG Services Pte Ltd ("KPMG") to set up an Enterprise Risk Management ("ERM") Framework ("ERM Framework"), which governs the risk management process in the Group. Through this framework, risk capabilities and competencies would be continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, inter alia, financial, operational and compliance risks faced by the Group. The key risks of the Group are deliberated by the Management and reported to the Audit Committee ("AC"). The AC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis the external and internal environment which the Group operates in.

Complementing the ERM framework is a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business process.

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide reasonable assurance on the true and fair presentation in the Group's financial statements. Internal auditors provide assurance that controls over the key risks of the Group is adequate and effective.

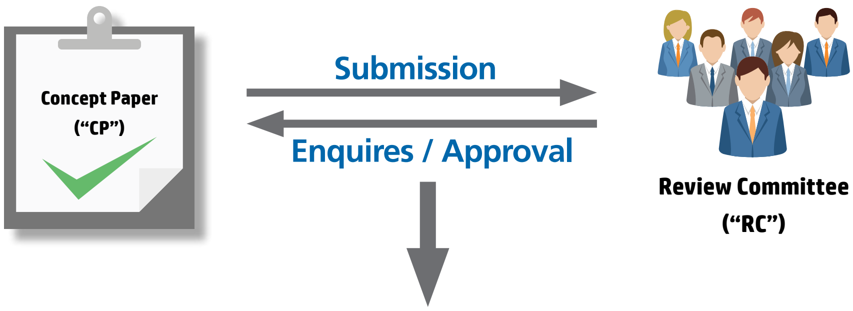
INVESTMENT APPROVAL PROCESS

An important component of the Group's overall risk management is the investment approval process. The process aims to be robust in managing downside risk when deploying the Group's resources for investments while at the same time prompt in capitalising potential investment opportunities.

A summary of the Group's investment process is as follows. Members of the Review Committee are listed on page 31 "Management Organisation".

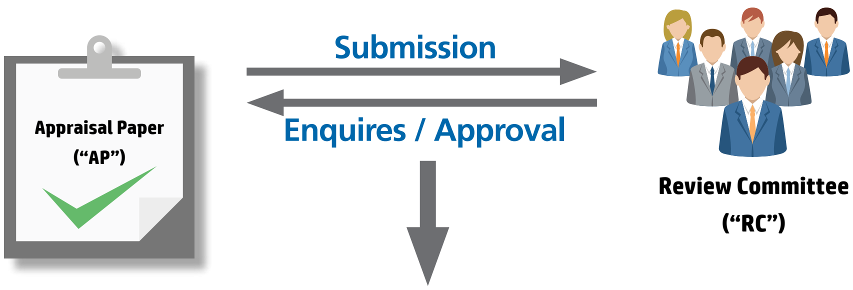
STEP 1

Brief project summary is prepared in the form of Concept Paper to seek approval for resources to be deployed for further analysis.



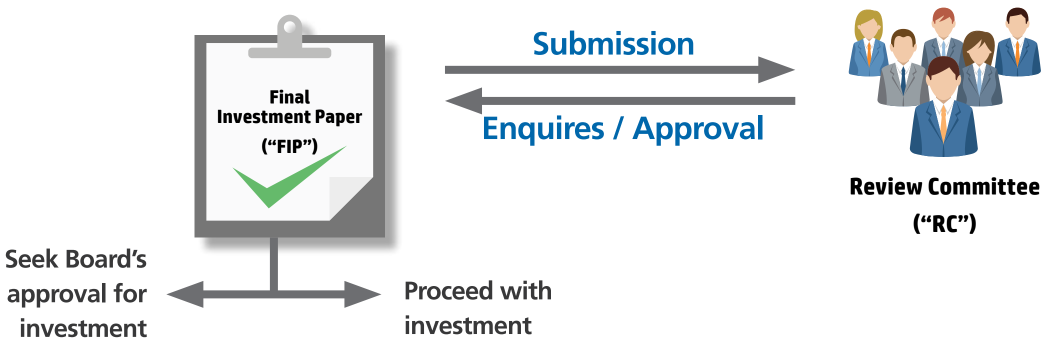
STEP 2

A detailed analysis is done to seek in principle approval for the investment subject to final due diligence and satisfactory documentation.



STEP 3

A Final Investment Paper is prepared with final conditions of the project.



Investments made are monitored on an ongoing basis by RC and Management Committee ("MC"). Members of MC are listed on page 31 "Management Organisation".

Investor Relations

THE GROUP'S INVESTOR RELATIONS COMMITMENT

The Group's investor relations function is led by the CEO and senior management team, with the assistance of a professional investor relations company, Financial PR Pte Ltd.

The Group strives to achieve a high standard of disclosure and corporate transparency through timely dissemination of relevant, credible and material information on the Singapore Stock Exchange and company website, according to legal and regulatory requirements. This is to enable shareholders and potential investors to gain a good understanding of our operations, keep abreast of corporate developments, and assess our business strategies in order to make sound investment decisions.

SHAREHOLDERS

The Group provides multiple channels to update shareholders on corporate development and financial performance, which include the regular updates on SGXNet and the company website, face-to-face communication with directors of the Group at annual general meetings ("AGM"), responding to questions through company website or direct contact with the Group's investor relations officers.

ANALYSTS, FUNDS AND POTENTIAL SHAREHOLDERS

In 2016, while the market conditions for the shipping industry remained challenging, the Group consistently communicated with the investment community on a regular basis. Senior management holds quarterly briefings for analysts and fund managers in order to increase our visibility in the region's financial markets. Management also conducts one-on-one meetings with those who are keen to gain better understanding about the Group.The IR team also keeps analysts updated on a regular basis for them to work on analyst note and research report.

MEDIA

The Group sought to provide more information about the niche area of the Group and the strategy in the midst of the market downturn through media. The Group CEO was interviewed by a SGX journalist and the management profiling article was published on SGX's investment column. Investment media such as NextInsight also extended our reach to a broader investor audience. During the year, the Group has been featured in a range of papers and online media.

A REMARKABLE YEAR FOR IR

In 2015, Group was awarded runner-up in the "Most Transparent Company Award 2015" for the 16th Investors' Choice Awards under the "Foreign Listings Category", organized by the Securities Investors Association of Singapore ("SIAS"). In 2016, it was again awarded "Most Transparent Company Award 2016", in the 17th SIAS Investors' Choice Awards in the "Mainboard Small Caps Category". These awards were endorsement on the Group's commitment in pursuing high standards of corporate disclosure and communication since its listing in 2007.

In addition, the Group's ranking in the NUS Governance and Transparency Index ("GTI") improved significantly over the past few years. In 2015 and 2016, it was ranked top 100 with its GTI score, among over 600 listed companies in Singapore. Both the awards and the GTI ranking were recognition of the Group's efforts to enhance its corporate governance and transparency standards to investors .

CONCLUSION

The Group aims to be a truly trusted partner for our clients as a producer of alternative investment opportunities and an integrated service provider relating to alternative investments. It strives to deliver value to the Group's shareholders, clients and employees. With the support and trust of the investment community, the Group endeavours to achieve our investment relations objectives of being timely, accurate and transparent.

INVESTOR RELATIONS CONTACT

Mr Romil Singh
Tel: 65 9116 0900
Email: romil@financialpr.com.sg

Ms. Reyna Mei
Tel: 65 9237 9336
Email: reyna@financialpr.com.sg

Board Of Directors

MR MICHIO TANAMOTO
CHAIRMAN AND CEO

Mr Michio Tanamoto was appointed as Chairman and Chief Executive Officer of the Uni-Asia Holdings Limited in April 2014 and concurrently Chairman of Management Committee and Reviewing Committee. He is one of the founders who established the Company in 1997 and has been a Director since then. He has over 36 years of experience in financial sector based in Japan, Hong Kong and Singapore. In 1980, Mr Tanamoto joined The Hokkaido Takushoku Bank, Ltd. and was a senior manager of Takugin International (Asia) Limited in Hong Kong, the offshore merchant banking arm of The Hokkaido Takushoku Bank, Ltd. between 1988 and 1993. Following which, Mr Tanamoto was a deputy general manager of the Singapore Branch of The Hokkaido Takushoku Bank, Ltd. from 1995 to 1997. Mr Tanamoto is also currently Managing Director of Uni-Asia Capital (Singapore) Limited and Chairman of Uni-Asia Capital (Japan) Ltd. He is also a Director of the Company's subsidiaries including Uni Ships and Management Limited, Uni-Asia Shipping Limited, Uni-Asia Capital Company Limited and Vista Hotel Management. He obtained a bachelor's degree in law from Hitotsubashi University of Japan in 1980.

MR MASAKI FUKUMORI
EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER

Mr Masaki Fukumori was appointed as Chief Operating Officer of the Group on 30 April 2014 following the appointment as Executive Director in March 2012. Mr Fukumori joined our Group in August 1997 and acted as Head of our Structured Finance Department. He initiated the Maritime Investment Department in 2002. He has extensive experience in marketing and syndication in the banking industry specialising in the shipping and aviation sectors spanning over 30 years as well as ship investment and investment management. Between 1985 and 1993, he was a marketing manager at The Hokkaido Takushoku Bank, Ltd. After which, he was a senior marketing manager at Takugin International (Asia) Limited from 1993 to 1997. Mr Fukumori is currently Chief Executive Officer of Uni-Asia Shipping Limited and a director of Uni Ships and Management Limited, Uni-Asia Hotels Limited, and other ship owning companies in which the Company invests. Mr Fukumori holds a bachelor's degree in business administration from Yokohama National University obtained in 1985.

MR LEE GEE AIK
LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lee Gee Aik was appointed as our independent director on 4 January 2016. Mr Lee is currently a practicing public accountant in Singapore. He started his career as an auditor with one of the Big Four accounting firm. Between 1986 and 1988, Mr Lee was seconded to their USA Executive Office and specialised in the areas of professional development and research work in audit and financial reporting. Mr Lee was the regional controller of Omni Marco Polo Hotels, Singapore from 1993 to 1998 prior to him becoming a practising public accountant in 1998.

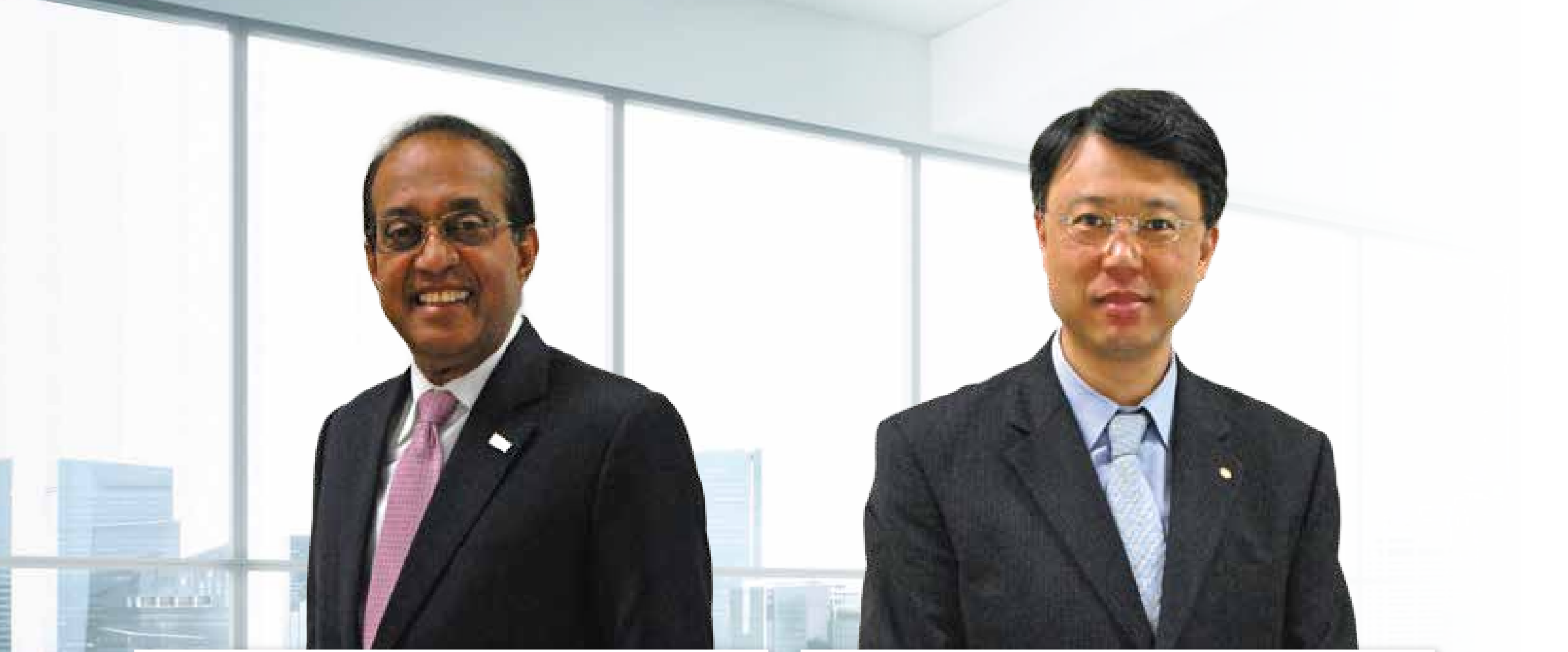
Mr Lee Gee Aik qualified as a Chartered Certified Accountant with The Association of Chartered Certified Accountants, United Kingdom in 1984. He obtained a Masters in Business Administration from The Henley Management College, United Kingdom in 2004. He is currently a Fellow with The Association of Chartered Certified Accountants, United Kingdom and The Institute of Singapore Chartered Accountants. He is also an Accredited Tax Advisor with the Singapore Institute of Accredited Tax Professionals.

He is the independent directors of a few companies listed on the Singapore Stocks Exchange and Catalist. He has been appointed by the Minister of Health to serve as Lay Person member of the Complaints Panel of the Singapore Pharmacy Council.

MR RONNIE TEO HENG HOCK
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Ronnie Teo Heng Hock was previously Managing Director of DBS Asset Management Ltd and General Manager of DBS Finance Limited. Mr Teo holds a Bachelor of Social Sciences (Honours) degree in Economics from the University of Singapore. Mr Teo is concurrently a director of Berger International Private Limited and an independent director of EnGro Corporation Limited.

Board Of Directors



MR RAJAN MENON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Rajan Menon graduated from University of Singapore in 1971 with Bachelor of Laws (Honours). He was admitted as an Advocate & Solicitor of the Supreme Court of Singapore in 1973 and is a solicitor of the Supreme Court of England & Wales. He is also a Fellow of the Chartered Institute of Arbitrators, United Kingdom, the Singapore Institute of Arbitrators, the Malaysian Institute of Arbitrators and the Singapore Institute of Directors respectively. He is also a member of the Singapore Mediation Centre's Associate Mediator Panel.

He is currently the Founder- Senior Consultant of RHTLaw Taylor Wessing LLP.

He was conferred the Public Service Medal (Pingat Bakti Masyarakat, PBM) by the President of the Republic of Singapore and the Friends of Labour Award by the National Trades Union Congress. He is a member of the board of directors of Berger International Private Limited, Tangreat Investments Pte Ltd, yCAAZ Technology Pte. Ltd., RHT Holdings Pte Ltd, RHT Lex Ultra Pte Ltd., and RHT Media Group Pte. Ltd. (f.k.a. RHT Relations & Media Holdings Pte. Ltd.).

MR WU KUANG-HUI
NON-EXECUTIVE DIRECTOR

Mr Wu Kuang-hui joined Evergreen Group in 1987 and is the Chief Financial Officer of Evergreen Group and Evergreen Marine Corporation (Taiwan) Ltd. since December 2010. His in-depth knowledge and well extensive experience in various finance positions helped re-shape and thrive business support functions within Evergreen Group. He was engaged in Evergreen Group international hotel business including Hong Kong, Taichung, Bangkok, Paris and Penang. He was involved in container port business including Colon in Panama, Taranto in Italy, Vungtau in Vietnam and also Evergreen Sky Catering Corporation, Group Captive Reinsurance Company, and cross-border shipping M&A in Italia Marittima S.P.A. (formerly known as Lloyd Triestino Di Navigazion S.P.A.) in Italy from 1988 to 1999. Before joining Evergreen Marine Corp. (Taiwan) Ltd., he was Chief Financial Officer of EVA Airways Corporation from 2002 to 2010. He has not held any directorship of any other listed companies in Singapore over the preceding three years. Mr Wu received a MBA under National Sun Yat-Sen University in 1987 and a bachelor degree from Tunghai University in 1983.

Key Management

Key Management

1. MR MASAHIRO IWABUCHI
SENIOR MANAGING DIRECTOR
HEAD OF PROPERTY INVESTMENT DEPARTMENT

Mr Masahiro Iwabuchi was appointed as Senior Managing Director of the Company on 30 April 2014 and is currently the Head of Property Investment Department. He joined the Company when it was established in 1997 and has been in charge of the Property (and Distressed Asset) Investment Department since then. He has extensive experience in the banking industry throughout Asia including Japan, Indonesia, Singapore, Hong Kong and the PRC, having spent some 13 years with The Hokkaido Takushoku Bank, Ltd. He has accumulated a property investment expertise in PRC, Japan and Hong Kong afterwards. He is also currently a director of Uni-Asia Guangzhou Property Management Co., Ltd, UNI SALA Capital Investment Ltd, Uni-Asia Hotels Limited, Uni-Asia Capital (Japan) Ltd, Vista Hotel Management Co., Ltd and some asset holding companies in which the Company invests. He completed Licensing Examination for HKSI Specialist Certificate (Asset Management, Corporate Finance, Derivatives and Securities). Mr Iwabuchi graduated with a bachelor's degree in economics from Hirosaki University of Japan in 1985. In addition to Japanese, Mr Iwabuchi speaks fluent Mandarin.

2. MR KENJI FUKUYADO
MANAGING DIRECTOR

Mr Kenji Fukuyado was appointed as Managing Director of the Company on 1 February 2013, responsible for Maritime Asset Management. He joined our Group in 2001 and was the Managing Director of Uni-Asia Finance Corporation (Japan) from May 2003 to December 2005. He was transferred to our head office in Hong Kong in January 2006 and was Head of Structure Finance Department from January 2006 to December 2009 and Head of Maritime Investment Department from January 2010 to January 2013. Mr Fukuyado has nearly 30 years of experience in the finance industry, including structured finance such as tax lease, asset finance, loan syndication, corporate finance and asset management. Between 1987 and 1998, he worked for The Hokkaido Takushoku Bank, Ltd. in Japan and Hong Kong. He is currently holding directorships of Uni-Asia Shipping Limited, Uni-Asia Capital (Japan) Ltd. and some vessel owning companies in which the Group invests. Mr Fukuyado graduated with a bachelor's degree in law from Waseda University in 1987.

3. MR ZAC K. HOSHINO
MANAGING DIRECTOR

Mr Zac K. Hoshino was appointed as Managing Director of the Company on 1 February 2013 and currently is responsible for Maritime Business Department. He joined our Company in September 2007 and acted as Co-Head of our Maritime Investment Department. He has extensive experience with chartering, operating, and contracting in Japanese shipping company for more than 24 years including Singapore and Hong Kong representative between 2002 and 2007. He is currently the Managing Director of Uni Ship and Management Limited, and a director of some vessel owning companies in which the Company invests. Mr Hoshino graduated with a bachelor's degree in mercantile marine science from Tokyo University of Mercantile Marine in 1984.

4. MR LIM KAI CHING
GROUP CHIEF FINANCIAL OFFICER

Mr Lim Kai Ching joined Uni-Asia in June 2011 and was appointed as Chief Financial Officer in August 2011. Mr Lim was promoted to Group Chief Financial Officer on 5 January 2015. Mr Lim has over 18 years of experience in areas including finance, accounting, audit and risk management. Prior to joining Uni-Asia, Mr Lim worked for State Street Fund Services (Singapore) Pte Ltd. Between April 2008 to January 2009, he was the Financial Controller of a PRC-based seafood processing company. From June 2007 to April 2008, Mr Lim was Vice President with the Group, responsible for the Company's on-going listing matters and financial reporting of private shipping fund for which the Group acts as fund manager. Between June 1999 and June 2007, Mr Lim was with Government of Singapore Investment Corporation Pte Ltd. Mr Lim graduated with a Bachelor of Accountancy (Honours) from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

5. MR KATSURO OUCHI
PRESIDENT OF VISTA HOTEL MANAGEMENT CO., LTD.

Mr Katsuro Ouchi was appointed as President of Vista Hotel Management Co., Ltd. in October 2009 and is currently responsible for hotel operation business in Japan. Mr Ouchi has over 40 years of experience in financial sector. He joined The Hokkaido Takushoku Bank, Ltd. in 1971 and was Managing

Director of Takugin International (Asia) Limited in Hong Kong, the offshore merchant banking arm of The Hokkaido Takushoku Bank, Ltd. from 1991 to 1995. He joined The Chuo Trust & Banking Co., Ltd. in 1998 and was Managing Officer of The Chuo Mitsui Trust and Banking Co., Ltd. from May 2000 to September 2002. Mr Ouchi graduated with a bachelor's degree in law from Waseda University in 1971.

6. MR YUKIHIRO TODA
PRESIDENT OF UNI-ASIA CAPITAL (JAPAN) LTD.

Mr Yukihiro Toda was appointed as President of Uni-Asia Capital (Japan) Ltd. on 1 December 2011, and is responsible for property investment business in Japan. Mr Toda has been Chief Investment Officer of Uni-Asia Capital (Japan) Ltd. since February 2000, responsible for overall real estate fund management business. From 1985 to 1998, Mr Toda had worked for The Hokkaido Takushoku Bank, Ltd. in Tokyo, Korea and Hong Kong, and HSBC Securities Tokyo Branch, where he was mainly engaged in international finance, structured finance and origination of syndicated loans. Mr Toda graduated with a bachelor's degree in economics from Yokohama National University in 1985.

7. MR MATTHEW YUEN WAI KEUNG
EXECUTIVE VICE PRESIDENT
HEAD OF MARITIME ASSET MANAGEMENT DEPARTMENT

Mr Matthew Yuen Wai Keung joined our Company in October 1997. He is currently Executive Vice President and the Head of Maritime Asset Management Department. Prior to this, Mr Yuen worked in several international banks, specializing in corporate banking and syndications. Mr Yuen graduated from The Chinese University of Hong Kong with a second class (upper) honours degree in business administration and received his MBA from The Australian Graduate School of Management, University of New South Wales. Mr Yuen is a member of the Association of Chartered Certified Accountants (ACCA).

8. MR MAKOTO TOKOZUME
EXECUTIVE VICE PRESIDENT
HEAD OF FINANCIAL MANAGEMENT DEPARTMENT

Mr Makoto Tokozume is currently the Head of Financial Management Department and Chief Financial Officer of Uni-Asia Shipping Limited, a wholly-owned subsidiary of the Group. He joined our Group in January 2008 and had stationed in Singapore as a member of Uni-Asia Capital (Singapore) Ltd, being responsible for Investor relations and corporate matters. He was transferred to our head office in Hong Kong and took new responsibility in 2013. He has over 30 years working experience in financial industry in Japan, Singapore and Hong Kong, having spent 11 years with Hokkaido Takushoku Bank, Ltd. and 9 years with The Bank of Tokyo-Mitsubishi Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ Ltd.). He graduated from Keio University with a bachelor's degree in economics in 1986. He also received his MBA from The University of Hull, UK. He is registered as Certified Public Accountant of USA.

9. MR MASAYUKI SATO
DIRECTOR (BUSINESS DEVELOPMENT), VISTA HOTEL MANAGEMENT CO., LTD

Mr Masayuki Sato joined the Group in 2007 and was appointed a Director of Vista Hotel Management Co., Ltd in September 2008. He is currently responsible for business development of VHM including sourcing for new hotels for operations and marketing of Vista Hotel brand name. Mr Sato began his career in The Hokkaido Takushoku Bank, Ltd, specialising in corporate finance as well as aircraft/ship financing. During his tenure with The Hokkaido Takushoku Bank, Ltd, he had various stints in the bank's Japan, Australia, USA and Hong Kong offices. Between 1997 and 2007, Mr Sato was with Tomen Group handling business planning, business development, and investor relations. Mr Sato graduated with a bachelor's degree in law from Waseda University in 1981.

10. MR YUKIHIRO ROB HATA
GENERAL MANAGER
HEAD OF MARITIME BUSINESS DEPARTMENT

Mr Yukihiro Rob Hata joined our Company in September 2013. Based in Hong Kong, he is appointed as the Head of Maritime Business Department covering the Group's maritime business activity, primary ship owning, operation & management from March 2017. He also takes the responsibility as General Manager of Uni-Asia Shipping Limited and Uni Ships and Management Limited. Prior to joining Uni-Asia, Mr Hata has 17 years' extensive shipping experience both in Japan and Hong Kong, including 15 years with Sojitz Corporation (formerly known as Nissho Iwai Corporation), a major Japanese trading firm, specializing in sales & purchase, chartering and project development, and 2 years with Univan Ship Management

Key Management

Limited (presently Anglo Eastern Univan Group), specializing in third party ship management. Mr Hata graduated with a bachelor's degree from College of Liberal Arts, International Christian University, Tokyo, Japan, in 1997.

11. MS ALLY CHIU
GENERAL MANAGER

Ms Ally Chiu joined our Company in Feb 2012. Based in Hong Kong, she is currently General Manager of Maritime Business Department. Prior to joining Uni-Asia, Ms Chiu worked with ship-owning firm (Sincere Industrial Corp., Taiwan) during 1996 - 2011 and ship-broker house (Maxmart Shipping & Trading Co. Ltd., Taiwan) during 1994 - 1996. Ms Chiu graduated with a bachelor's degree in Shipping and Transportation Management from National Taiwan Ocean University in 1994.

12. MS KAM SIU LIN
SENIOR ASSISTANT TO CHAIRMAN & CEO

Ms. Kam Siu Lin was appointed as the senior assistant to the chairman and CEO responsible for the distressed asset investment and property investment in PRC in December 1998. She has extensive networks in PRC, especially in Guangdong, Beijing, Shanghai and Hong Kong.

Ms. Kam started her banking career at Hokkaido Takushoku Bank in March 1985 and was appointed as a chief representative of Guangzhou representative office of the bank in 1994 and afterwards. She is currently a director of Uni-Asia Guangzhou Property Management Co., Ltd. She is also responsible for property investment business in Hong Kong.

13. MR KAZUHIKO YOSHIDA
COUNSELLOR

Mr Kazuhiko Yoshida was appointed as Counsellor to the Chairman and CEO of Uni-Asia Holdings Limited in April 2014. Previously he was Executive Director, Chairman and CEO of our Group. He is one of the founders who established the Company in 1997. He has extensive experience in structured finance of vessels and aircraft. Between 1986 and 1992, he was a senior manager in The Sumitomo Trust and Banking Co., Ltd. following which, he was a Director/Deputy General Manager of Takugin International (Asia) Limited, the offshore merchant banking arm of The Hokkaido Takushoku Bank, Ltd. from 1992 to 1997. Mr Yoshida obtained a bachelor's degree in engineering from the Hokkaido University in Japan in 1976.

14. MR HIROMASA YAKUSHIJI
SENIOR ADVISOR TO CHAIRMAN & CEO
INTERNAL AUDITOR FOR JAPAN OPERATIONS

Mr Hiromasa Yakushiji was appointed as the Senior Advisor to the Chairman and CEO of Uni-Asia Holdings Limited in November 2007. He is also currently an Internal Auditor for the Group's Japan Operations. He has over 45 years of experience in financial sector with experience in London and New York. He joined The Sumitomo Trust and Banking Co., Ltd. having held the board member position from June 1991 to June 1999 and was Managing Director responsible for international division between June 1997 and June 1999. He retired from the bank in June 1999 and then managed the bank group companies as CEO till June 2005. Mr Yakushiji graduated with a bachelor's degree in economics from Keio University in 1966.

15. MR P. PHILLIP PHILLIPS
ADVISOR TO CHAIRMAN & CEO

Mr P. Phillip Phillips was appointed as an Advisor to the Chairman and CEO of Uni-Asia Holdings Limited in May 2010. Mr Phillips cooperates with the Group in the arrangement, origination and placement of financial transactions for itself and for its clients.

Currently living and working in London, Mr Phillips was between 1990 and March 2010 a Managing Director and a founding equity partner of Capstar Partners, a New York based structured asset finance firm. A graduate of Oxford University, Mr Phillips was formerly a Vice President in the Private Equity and Leasing Group of Bankers Trust Company, in its London, Seoul and Tokyo offices. He has significant expertise in Japanese, US and UK tax based leasing as well as ship and aircraft financing.

Corporate Governance Report

Uni-Asia Holdings Limited (the "**Company**") is strongly committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). The board of directors of the Company (the "**Board**") recognises the importance of good corporate governance and the offering of high standards of accountability to the shareholders.

This report, set out in a tabular form, describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") issued on 2 May 2012.

In recognition of its commitment to sound corporate governance principles and practices, the Company has been nominated for the "Most Transparent Company Award" by the Securities Investors Association of Singapore ("**SIAS**"). The Company has won the award on two occasions. The Company will continue to pursue high standards of corporate governance.

The Board confirms that for the financial year ended 31 December 2016 ("**FY2016**"), the Company has adhered to the principles and guidelines as set out in the Code, where applicable, and has specified and explained any deviations from the Code in this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines of the Code	Corporate Governance Practices of the Company
1.1	The Board oversees the business affairs of the Company and assumes responsibility for the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.
1.2	All directors exercise due diligence and independent judgment, and are obliged to act in good faith and in the best interests of the Company.
1.3	To facilitate effective management, certain functions have been delegated to various board committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), each of whose members are drawn from members of the Board (together "**Board Committees**" and each a "**Board Committee**"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.
1.4	The schedule of all the Board Committee meetings for the calendar year is usually given to all the directors well in advance. Besides the scheduled meetings, the Board has also held several informal discussions as and when required by specific circumstances, and as deemed appropriate by the Board members. The Company's Articles of Association (the "**Articles**") allow a Board meeting to be conducted by means of telephone or similar communications equipment (which may include video conference). A record of the directors' attendance at meetings of Board and Board Committees for FY2016, as well as the frequency of such meetings, is set out in Table 1.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
1.5	The Company has formulated guidelines setting forth matters reserved for the Board's decision. The management of the Company (the "**Management**") was also given clear directions on matters (including set thresholds for certain operational matters relating to subsidiaries) that require the Board's approval. In addition, the Board has adopted a set of internal controls which sets out approval limits for financial transactions conducted by the Company, investments, lending, borrowings, guarantees and cheque signatories' arrangements. Approval sub-limits are also provided at management levels to facilitate operational efficiency. Certain material corporate actions that require the Board's approval are as follows:- ▪ approval of quarterly results announcements; ▪ approval of annual results and financial statements; ▪ recommendation of dividends; ▪ convening of shareholders' meetings; ▪ authorisation of material acquisitions/disposal of assets; ▪ authorisation of major transactions; and ▪ approval of internal audit report. The Board likewise reviews and approves all corporate actions for which shareholders' approval is required.
1.6	New directors, upon appointment, will be briefed on the business and organisation structure of the Group to ensure that they are familiar with the Group's structure, businesses and operations. The directors may participate in seminars and/or discussion groups to keep abreast of the latest developments which are relevant to the Group. Directors also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of the Group's business operations. The Company has adopted a directors' training policy and has an on-going budget for all directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook. These include programmes run by the Singapore Institute of Directors or other training institutions. The Board as a whole is updated regularly on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members. New releases issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the directors are circulated to the Board. The Company Secretary and Management inform the directors of upcoming conferences and seminars relevant to their roles as directors of the Company. Annually, the external auditors update the AC and the Board on new or revised financial reporting standards, in particular standards that could have a material impact on the Group's consolidated financial statements.

Guidelines of the Code	Corporate Governance Practices of the Company
1.7	A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as director. New directors, upon appointment, will also be briefed on their duties and obligations as directors. The directors are also informed of regulatory changes initiated by or affecting the Company.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines of the Code	Corporate Governance Practices of the Company
2.1	The Board comprises six directors of whom three are independent non-executive directors; two are executive directors and one non-executive director as at the date of this report. A summary of the current composition of the Board and its committee is set out in Table 2.
2.2	Currently, the Chairman of the Board and the Chief Executive Officer ("**CEO**") of the Company is the same person. In addition, the Chairman is part of the management team and he is not an independent director. However, there is a strong independent element on the Board, with independent directors constituting at least half of the Board.
2.3	The NC, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director. Each independent director is required to complete a declaration of independence which is drawn up in accordance with the guidelines set out in the Code and submits the same to the NC for assessment and consideration. None of the independent non-executive directors has a relationship with the Company, its related corporations, its major shareholders (holding 10% or more of the shares) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement.
2.4	Concerning the independence of directors who have served on the Board beyond nine years, Mr Ronnie Teo Heng Hock who was appointed on 26 June 2007 has served on the Board as non-executive independent director beyond nine years. The NC performs an annual review of his interests in which all potential or perceived conflicts (including time commitments, length of service and other issues relevant to his independence) are considered. Where a director has served on the Board for more than nine years, the Board has further reviewed whether such a director should be considered independent. The following were some of the factors considered in reviewing the independence of the director who has served beyond nine years: (a) whether the Director is free from any dealings, relationships or circumstances that could affect or appear to affect his independent judgement, particularly with regards to whether the director has indicated or demonstrated an alignment or ongoing support for any specific group of stakeholders, instead of representing the interests of all stakeholders;

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
	(b) whether the length of service has had any adverse impact on the Director's objectivity and judgement and whether during the tenure there has been any impairment to his ability to discharge his duties and responsibilities in the overall interest of the Group, taking into consideration the interests of all stakeholders; and
	(c) whether the director continues to exhibit a firm commitment to his role and continues to actively contribute with the knowledge and experience of the Group's business built up over the years.
	Based on these considerations, the Board concurred with the NC's view that Mr. Ronnie Teo Heng Hock who has served beyond nine years on the Board is considered independent.
	Mr. Ronnie Teo Heng Hock had duly recused himself from the discussion and taking a decision in respect of his own independence.
	The Board is also cognizant of the need for progressive refreshing of the Board. Due to the complexity of the Group's businesses, the retirement of its long serving directors have been paced to avoid an abrupt loss of members of the Board with the relevant experience and the memory of the history of the Group's businesses.
2.5	The directors consider that the Board is of the appropriate size and with the right mix of skills and experience, taking into account the nature and the scope of operations of the Group.
2.6	The NC and the Board recognise the importance of an appropriate balance and diversity of industry knowledge, skills, backgrounds, experience and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix regularly.
	As a group, the directors bring with them a broad range of expertise and experience in areas such as accounting, law, finance, business and management, industry knowledge, strategic planning and customer-based experience and knowledge; and are able to make positive contributions to the Company. The diversity of the directors' expertise and experience allows for the useful exchange of ideas and views. The profile of all Board members is set out in the section entitled 'Board of Directors'.
2.7	The non-executive directors aim to assist in the development of proposals on strategy by constructively challenging Management. The non-executive directors would also review the performance of Management in meetings.
2.8	Where warranted, the non-executive directors meet without the presence of Management or the executive directors to review any matters that must be raised privately.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines of the Code	Corporate Governance Practices of the Company
3.1	Mr. Michio Tanamoto currently fulfils the role of Chairman and CEO of the Company. Being the founder of the Group, Mr. Tanamoto plays an instrumental role of developing the business of the Group and provides the Group with strong leadership and strategic vision. All major decisions made by the Chairman and CEO are endorsed by the Board. As Chairman, he is responsible for Board processes and ensures the integrity and effectiveness of the governance process of the Board. The Board believes that the independent non-executive directors have demonstrated high commitment in their role as directors and have ensured that there is a good balance of power and authority in keeping with the spirit of good corporate governance.
3.2	As the Chairman and CEO, Mr. Michio Tanamoto, with the assistance of the Company Secretary and Management, schedules Board meetings as and when required and prepares the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages constructive relations between the Board and Management and between the executive directors and the independent directors. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices.
3.3	The Board has appointed Mr. Lee Gee Aik, an independent and non-executive director, as the Lead Independent Director. Mr. Lee Gee Aik will be available to address shareholders' concerns when contact through the normal channels of the Chairman, the CEO, the Chief Operating Officer ("**COO**") or the Group Chief Financial Officer ("**Group CFO**") (or equivalent) has failed to provide a satisfactory resolution or when such contact is inappropriate.
3.4	Where warranted, the independent directors, led by the lead independent director, may meet without the presence of Management or the executive directors to review any matters that must be raised privately before the lead independent director provides feedback to the Chairman of the Board.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guidelines of the Code	Corporate Governance Practices of the Company
4.1	The Board, in conjunction with the NC, reviews the composition of the Board and Board Committees annually, taking into account the performance and contribution of each individual director. Board composition is also evaluated to ensure diversity of skills and experience is maintained within the Board and Board committees. The NC, regulated by a set of written terms of reference, comprises three members, all of whom, including the Chairman, are independent non-executive directors. The lead independent director is a member of the NC. The names of the members of the NC are disclosed in Table 2.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
	The Board considers Mr. Ronnie Teo Heng Hock, Mr. Rajan Menon and Mr. Lee Gee Aik to be independent as they do not have any existing business or professional relationships with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. The Board also considers Mr. Ronnie Teo Heng Hock (who has served on the Board as non-executive independent director beyond nine years) to be independent based on the factors considered as set out under "Board Composition and Guidance" above.
4.2	The principal functions of the NC stipulated in its terms of reference are summarised as follows:

(a) Reviews and makes recommendations to the Board on relevant matters relating to:-

- all board appointments and the appointment of CEO, COO, Group CFO, managing directors (including senior managing directors) and relevant senior management staff;
- board succession plans for directors, the Chairman and the CEO;
- process for board performance evaluation;
- board training and professional development programs; and
- the change in the management organization structure at or above departmental level.

(b) Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) Determines the independence of the Board;

(d) Makes recommendations to the Board for the continuation of services of any executive director who has reached the age of 60 or otherwise;

(e) Assesses the effectiveness of the Board and the academic and professional qualifications of each individual director; and

(f) Reviews and recommends directors retiring by rotation for re-election at each AGM.

In accordance with the Articles, one-third, or if their number is not a multiple of three, the number nearest to but not less than one-third of the directors are required to retire from office by rotation at each AGM (provided that no director holding office as executive director whose term of office under a service contract with the Company is a fixed term that is unexpired and continuing as at the time of the relevant AGM, shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire).

All newly appointed directors will have to retire at the next AGM following their appointments. The retiring directors are eligible to offer themselves for re-election. The following directors will retire by rotation at the forthcoming AGM and have been re-nominated for re-election:

Rajan Menon	(Article 100)
Wu Kuang-hui	(Article 100)

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
	The NC has recommended the nomination of the directors retiring by rotation for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors will be offering themselves for re-election at the forthcoming AGM. Mr. Rajan Menon, a member of the NC, has accordingly abstained from reviewing and approving his own re-election.
4.3	The NC determines the independence of each director annually based on the definitions and guidelines of independence set out in the Code. In respect of the financial year ended 31 December 2016, the NC performed a review of the independence of the directors. The NC has determined that the non-executive director, Mr. Wu Kuang-hui, is non-independent. Mr. Wu Kuang-hui is a nominee of Evergreen International S.A., a substantial shareholder (9.98%) of the Company. The NC is satisfied that at least half of the Board comprises non-executive independent directors.
4.4	Where a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The NC, with the concurrence of the Board, has decided not to fix a limit on the number of board representations of each director as it considers that the board representations presently held by its directors do not impede the performance of their duties to the Company.
4.5	No alternate director has been appointed to the Board.
4.6	The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include: (i) academic and professional qualifications; (ii) industry experience; (iii) number of other directorships; (iv) relevant experience as a director; and (v) ability and adequacy in carrying out required tasks. The NC leads the process for Board appointments and makes recommendations to the Board. The integrated process of appointment includes: i developing a framework on desired competencies and diversity on Board; ii assessing current competencies and diversity on Board; iii developing desired profiles of new directors; iv initiating search for new directors including external search, if necessary; v shortlisting and interviewing potential director candidates; vi recommending appointments and retirements to the Board; and vii election at general meeting.
4.7	The profile of all Board members is set out in the section entitled 'Board of Directors'. The date of the directors' initial appointment and last re-election and their directorships are disclosed in Table 3. Except as disclosed in Table 3, there were no other directorships or chairmanships held by the directors over the preceding three years in other listed companies.

Corporate Governance Report

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines of the Code	Corporate Governance Practices of the Company
5.1 to 5.3	The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and the contributions by each individual director. The NC is also responsible for deciding how the Board's performance may be evaluated and considers practical methods to assess the effectiveness of the Board. The NC has adopted a formal system of evaluating the Board as a whole, annually. A Board performance evaluation was carried out and the assessment parameters include evaluation of the Board's composition, size and diversity, Board processes and procedures, Board accountability, evaluation and succession planning, as well as the efficiency and effectiveness of the Board Committees in assisting the Board. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole. The results of the overall performance of the Board pointed towards a highly satisfactory situation in most areas and trending towards consistently good performance.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines of the Code	Corporate Governance Practices of the Company
6.1	The members of the Board are provided with adequate and timely information prior to Board meetings, and on an on-going basis. The Board has separate and independent access to the Group's senior management and the Company Secretary at all times. Requests for information by the Board are dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. These include relevant information and explanatory notes on matters that are presented to the Board, such as budgets, forecasts and business models.
6.2	In relation to budgets, any material variance between projections and actual results are disclosed and explained. Timely updates on developments in accounting matters, legislation, government policies and regulations affecting the Group's business operations are provided to all directors.
6.3	The Company Secretary attends and prepares minutes of all Board and Board committee meetings and is responsible for ensuring that Board procedures are followed and that the Company's Memorandum, Articles of Association and relevant rules and regulations are complied with. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of Board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board and the Board Committees and between senior management and non-executive directors.

Guidelines of the Code	Corporate Governance Practices of the Company
6.4	The appointment and replacement of the Company Secretary is a matter for the Board.
6.5	The Board seeks independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The directors, whether as a group or individually, may seek and obtain legal and other independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guidelines of the Code	Corporate Governance Practices of the Company
7.1	The RC, regulated by a set of written terms of reference, comprises three members, all of whom are independent non-executive directors. The names of the members of the RC are disclosed in Table 2. The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework for the Board and key management personnel of the Group.
7.2	Under its terms of reference, the RC is responsible for reviewing and recommending a remuneration framework for the Board and the Company's key management personnel. The RC considers all aspects of remuneration namely, director's fees, salaries, allowances, bonuses, share-based incentives and awards and other benefits-in-kind. All remuneration matters are ultimately approved by the Board. The RC's recommendation for directors' fees had been made in consultation with the Chairman of the Board and had been endorsed by the entire Board, following which the recommendation is tabled for shareholders' approval at the Company's AGM. No member of the RC or the Board participated in the deliberation of his own remuneration.
7.3	No independent consultant is engaged for advising on the remuneration of all directors.
7.4	The Service Agreements of the executive directors are for a period of three years and will expire on the date on which the AGM of the Company is held immediately subsequent to the third anniversary of the Service Agreements. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive directors.

Corporate Governance Report

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines of the Code	Corporate Governance Practices of the Company
8.1	**ANNUAL REMUNERATION REPORT** **REMUNERATION POLICY IN RESPECT OF EXECUTIVE DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL** The remuneration of the Company's directors and key management personnel has been formulated to attract, retain and motivate individuals the Group relies on to achieve its business strategy and create long-term value for its shareholders. The RC believes that fair performance-related pay should motivate good performance and that rewards should be closely linked to and commensurate with it. The Chairman and CEO is the same person and he is consulted by the RC on matters relating to the other executive directors and key management personnel who report to him on matters relating to the performance of the Company. He duly abstained from participation in discussions and decisions on his own remuneration. Where appropriate, the RC reviews the service contracts of the Company's executive directors and key management personnel. The compensation commitments in service contracts are reviewed periodically and notice periods for termination are also reviewed to ensure that they are not excessively long. The Company has entered into separate service agreements ("**Service Agreements**") with the executive directors, Mr. Michio Tanamoto and Mr. Masaki Fukumori. Under the Service Agreements, the housing allowance of the executive directors is subject to annual review by the Board after the first year of appointment.
8.2	**LONG-TERM INCENTIVE PLANS** The Company has two share schemes known as the Uni-Asia Share Option Scheme (the "**Scheme**") and the Uni-Asia Performance Share Plan (the "**PSP**"). The Scheme is administered by the RC. There were no options granted pursuant to the Scheme since the commencement of the Scheme to the end of FY2016 to acquire shares of the Company. No shares were issued or transferred, as the case may be, during FY2016 by virtue of the exercise of options granted pursuant to the Scheme to acquire shares of the Company. There were no shares of the Company under option pursuant to the Scheme at the end of FY2016.

Guidelines of the Code	Corporate Governance Practices of the Company

At the Extraordinary General Meeting of the Company held on 29 April 2015, the Company had obtained shareholders' approval to adopt the PSP. The PSP is administered by the PSP Committee (a sub-committee of the RC), which comprises the following directors:-

(a) Mr. Rajan Menon;
(b) Mr. Ronnie Teo Heng Hock;
(c) Mr. Michio Tanamoto; and
(d) Mr. Masaki Fukumori.

No share awards were granted under the PSP in FY2016.

The share awards granted in FY2015 were not vested and had lapsed. Accordingly, none of the participants have received shares pursuant to the release of awards granted under the PSP which represent 5% or more of the total number of shares available under the PSP.

No directors were granted shares under the PSP for FY2015 and FY2016.

Further details of the Scheme and the PSP are set out under "Details of the Scheme" and "Details of the PSP" respectively below.

8.3 **POLICY IN RESPECT OF NON-EXECUTIVE DIRECTORS' REMUNERATION**

In reviewing the recommendation for independent non-executive directors' remuneration for FY2016, the RC had continued to adopt a framework of base fees for serving on the Board and Board Committees, as well as fees for chairing Board Committees. The fees take into consideration the amount of time and effort that each Board member may be required to devote to their role.

	S$
Base fee of Directors	50,000
AC Chairman	15,000
AC Member	10,000
NC/RC Chairman	5,000
NC/RC Member	2,500
Lead Independent Director	2,500

Mr. Wu Kuang-hui did not receive any Directors' fees during FY2016 as he is a representative Director appointed by a substantial shareholder to represent the substantial shareholder on the Board of the Company.

Fees for independent non-executive directors are subject to the approval of shareholders at the AGM. Executive directors and representative/nominee directors appointed by substantial shareholders to represent them on the Board of the Company do not receive directors' fees.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

Corporate Governance Report

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines of the Code	Corporate Governance Practices of the Company
9.1 to 9.3	**LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2016.** The actual remuneration of each director and the top six key management personnel has been disclosed in the respective bands. The Company discloses the actual remuneration paid to each director using a narrow band of S$100,000 to improve transparency. The compensation structure for the key management personnel (who are not directors or the CEO), of the Company and the Group's subsidiaries consists of three key components – fixed salary, variable incentive (performance bonus) and benefits-in-kind (housing benefits). Table 4 and Table 4A sets out the breakdown of the remuneration of the directors and the top six key management personnel (who are not directors or the CEO), respectively, for FY2016. Except as disclosed in Table 4 of this report, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest. Regarding the Code's recommendation to fully disclose the remuneration of directors and the top five key management personnel (who are not directors or the CEO), given the confidentiality of and commercial sensitivity attached to remuneration matters, the Company believes that disclosing remuneration in the respective bands and disclosing in aggregate the total remuneration paid to the directors and the top six key management personnel (who are not directors or the CEO) provide sufficient overview of the remuneration of directors and the top six key management personnel (who are not directors or the CEO).
9.4	**REMUNERATION OF EMPLOYEES WHO ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR OR THE CHIEF EXECUTIVE OFFICER** There is no immediate family member (defined in the Listing Manual of the SGX-ST (the "**Listing Manual**") as the spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO in the employment of the Company whose annual remuneration exceeded S$50,000 during FY2016.
9.5 and 9.6	**DETAILS OF THE SCHEME** The Scheme, which has been approved by shareholders of the Company, is administered by the RC. The Scheme will provide eligible participants with an opportunity to participate in the equity of the Company as well as to motivate them to perform better through increased loyalty and dedication to the Company.

Guidelines of the Code | **Corporate Governance Practices of the Company**

Executive, non-executive and independent directors and full-time employees of the Group are eligible to participate in the Scheme. Directors and employees who are controlling shareholders of the Company and their associates (as defined in the Listing Manual) are not eligible to participate in the Scheme.

The number of options to be offered to a participant of the Scheme shall be determined by the RC, which takes into account criteria such as the rank, performance, number of years of service and potential for future development of that participant.

The exercise price for each share in respect of which an option is exercisable shall be fixed at:

(a) A price equal to the average of the last dealt prices for a share on the SGX-ST and any stock exchange on which the shares are quoted or listed for the period of three consecutive market days immediately prior to the relevant date of grant ("**Market Price**") but in no event shall the exercise price per share be less than its par value ("**Market Price Options**"); or

(b) A price which is set at a discount to the Market Price, provided the maximum discount shall not exceed 20% of the Market Price but in no event shall the exercise price per share be less than its par value ("**Incentive Options**").

Each eligible participant who has been granted Market Price Options shall be entitled to exercise at any time after the first anniversary of the date of grant of that option. Each eligible participant who has been granted Incentive Options shall be entitled to exercise at any time after the second anniversary of the date of grant of that option.

All options must be exercised before the expiry of ten years from the date of grant in the case of employees and before the expiry of five years in the case of non-executive directors and independent directors.

Special provisions dealing with the lapsing or permitting the earlier exercise of options under certain circumstances include the termination of the participant's employment or appointment in the Group.

The Scheme shall continue to be in operation for a maximum period of ten years commencing from 26 June 2007, being the adoption date of the Scheme.

The nominal amount of the aggregate number of shares over which the RC may grant options on any date, when aggregated with the nominal amount of the number of shares issued and issuable in respect of all options granted under the Scheme and all awards granted under any other share option, share incentive, performance share or restricted share plan of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day preceding the date of the relevant grant.

DETAILS OF THE PSP

The PSP, which has been approved by shareholders of the Company, is administered by the PSP Committee.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company

The PSP is primarily to supplement the Scheme to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees of the Group to achieve increased performance. In addition to the Scheme, the PSP will further strengthen the Company's competitiveness in attracting and retaining superior local and foreign talent.

The PSP differs from the existing Scheme in that it will allow the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. The Scheme, on the other hand, provides a more broad based incentive that is based on the overall performance of the Company. The Company believes that the PSP will seek to strengthen the overall effectiveness of its performance-based compensation schemes to give recognition to the contributions made by the participants. The Company also believes that adopting more than one share-based compensation scheme will provide the Company with a flexible approach to provide performance incentives to employees of the Group and, consequently, to improve performance and achieve sustainable growth for the Company in the changing business environment, and will also provide the Company with greater flexibility to give the participants an opportunity to have a stake in the Company and thereby to foster a greater ownership culture amongst the participants.

Any employee of the Group shall be eligible to participate in the PSP. Controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders are not eligible to participate in the PSP.

The number of shares which are the subject of each award to be granted to a participant in accordance with the PSP ("**PSP Shares**") shall be determined at the absolute discretion of the PSP Committee, which shall take into account such criteria as it considers fit, including (but not limited to) his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and difficulty with which the performance condition(s) may be achieved within the performance period.

Awards granted under the PSP are principally performance-based with performance targets to be set over a performance period and may vary from one performance period to another performance period and from one grant to another grant. Performance targets set by the PSP Committee are intended to be based on the overall performance of the Group and may include corporate objectives covering business growth, growth of recurrent income and productivity growth. Such performance targets and performance periods will be set according to the specific roles of each participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth.

The release of PSP shares is at the discretion of the PSP Committee. PSP shares will be released to participants after the PSP Committee has reviewed performance and the extent to which targets have been met. Release to individual participants is conditional on the maintenance of their own personal performance as determined by the Committee.

Guidelines of the Code	Corporate Governance Practices of the Company

The Company will deliver shares to participants upon vesting of their awards by way of either (i) an allotment of shares; or (ii) a transfer of shares (which may include shares held by the Company as treasury shares). In determining whether to allot shares to participants upon vesting of their awards, the Company will take into account factors such as (but not limited to) the number of shares to be delivered, the prevailing market price of the shares and the cost to the Company of allotting new shares or transferring existing shares.

The total number of shares over which the PSP Committee may grant new awards on any date, when added to:

(a) the total number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the PSP;

(b) the total number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered and/or to be delivered, pursuant to share options already granted under the Scheme; and

(c) the total number of shares subject to any other share option or share schemes of the Company,

shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the date preceding the date of the relevant new award.

The PSP shall continue to be in force at the discretion of the PSP Committee, subject to a maximum period of ten years commencing from 29 April 2015, being the adoption date of the PSP, provided always that the PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The PSP is considered a share-based payment that falls under IFRS 2 where participants will receive shares and the awards would be accounted for as equity-settled share-based transactions.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guidelines of the Code	Corporate Governance Practices of the Company
10.1	The Board provides shareholders with a detailed and balanced explanation and analysis of the Company's performance and prospects on a quarterly basis. Management provides the Board with management accounts of the Group's performance, position and prospects upon request.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
10.2	The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements, including compliance with the continuing listing obligations under the SGX Listing Manual. As and when new rules and regulations are introduced, external professionals will be invited to brief the directors. In line with the Listing Rules of the SGX-ST, the Board issues a negative assurance statement in its interim quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. The Company has also procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1). The Company has put in place the following policies: (a) Investor Relations Policy; (b) Directors' Training Policy; (c) Policy on Matters reserved for the Board; and (d) Dividend Policy.
10.3	The Management provides the Board and Board Committees with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines of the Code	Corporate Governance Practices of the Company
11.1	The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. During the year, the AC, on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's internal control systems as well as its financial, operational, compliance and information technology controls, and risk management systems. The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:- (i) discussions with management on risks identified by management; (ii) the audit processes; (iii) the review of internal and external audit plans; and (iv) the review of significant issues arising from internal and external audits.

Guidelines of the Code	Corporate Governance Practices of the Company
11.2	The Group had engaged external consultants from KPMG Services Pte Ltd in 2012 to set up an Enterprise Risk Management ("**ERM**") Framework (the "**ERM Framework**"), which governs the risk management process in the Group. Through this framework, risk capabilities and competencies would be continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, *inter alia*, financial, operational, compliance and information technology risks faced by the Group. The key risks of the Group are deliberated by the Management and reported to the AC. The AC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis the external and internal environment which the Group operates in. Complementing the ERM framework is a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide reasonable assurance on the true and fair presentation of the Group's financial statements. Internal auditors (both outsourced and in-house) provide assurance that controls over the key risks of the Group is adequate and effective.
11.3 Also Rule 1207(10) of SGX-ST Listing Manual	The Board is responsible for ensuring that management maintains a sound system of internal controls to safeguard shareholders' investment and the Group's assets. For FY2016, based on (i) the Group's framework of management control, (ii) the internal control policies and procedures established and maintained by the Group as well as (iii) the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the systems of internal controls and risk management within the Group are adequate and effective, including the financial, operational, compliance and information technology controls and risk management that has been maintained by the Group's management and that was in place throughout the financial year due to errors, fraud or irregularities. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. Any material non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the AC as part of the review of the Group's internal control system. The Board has received assurance from the CEO, the COO and the Group CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances as well as the effectiveness of the Company's risk management and internal control systems.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
11.4	The Company has not put in place a Risk Management Committee. However, Management have in place a financial risk management policy and regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the directors and AC. Details of the Group's risk management policy are set out in Note 30 "Financial Risk Management" of the Notes to the Consolidated Financial Statements.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code	Corporate Governance Practices of the Company
12.1	The AC, regulated by a set of written terms of reference, comprises three independent non-executive directors and one non-executive director. The names of the members of the AC are disclosed in Table 2.
12.2	The AC has three members namely, Mr. Lee Gee Aik, Mr. Ronnie Teo Heng Hock and Mr. Wu Kuang-hui, who have accounting or related financial management expertise or experience.
12.3	The AC has full access to and the co-operation of Management and has full discretion to invite any director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.
12.4	The AC performs the following functions: (a) reviews the annual and quarterly financial statements of the Company and the Group before submission to the Board for adoption; (b) reviews with the internal and external auditors, their audit plans and audit reports; (c) reviews the cooperation given by the Company's officers to the external auditors; (d) reviews interested person transactions and transactions falling within the scope of Chapter 10 of the Listing Manual; (e) nominates and reviews the appointment or re-appointment of external auditors; (f) reviews the independence of the external auditors annually; (g) undertakes such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and (h) undertakes such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

Guidelines of the Code	Corporate Governance Practices of the Company
	Apart from the above functions, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the operating results and/or financial position.
	In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.
	In performing its functions, the AC: (i) has met with the internal and external auditors, without the presence of management, at least once a year; (ii) has explicit authority to investigate any matter within its terms of reference; (iii) has had full access to and cooperation from Management and has full discretion to invite any director and executive officer to attend its meetings; and (iv) has been given reasonable resources to enable it to discharge its functions properly.
	The executive Management of the Company (including but not limited to the Executive Directors and Group CFO) attends all meetings of the AC on invitation.
12.5	Annually, the AC meets (physically or via teleconference) separately with the internal and external auditors without the presence of Management.
12.6	The AC reviews annually the non-audit services provided by external auditors and determines whether the provision of such services affects their independence. The breakdown of fees (audit and non-audit services) paid to auditors are set out in Note 23 "Other Expenses" of the Notes to the Consolidated Financial Statements.
	Having reviewed the nature and extent of non-audit services rendered by the external auditors to the Company for the year ended 31 December 2016, the AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC had therefore recommended to the Board that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.
	The auditors, Ernst & Young LLP, have indicated their willingness to accept re-appointment.
	In recommending the re-appointment of the auditors, the Audit Committee considered and reviewed various factors including the adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. Accordingly, the AC has recommended the re-appointment of Ernst & Young LLP as external auditors at the AGM of the Company.
12.7	The Company's Whistle-Blowing programme serves to encourage and to provide a channel for staff of the Group and any other persons to report and raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters. To facilitate independent investigation of such matters and appropriate follow up actions, all whistle-blowing reports are directed to the AC via a dedicated email address. The Whistle-Blowing programme is communicated to all staff.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
12.8	**Summary of AC's activities in 2016**

(i) reviewed the financial statements of the Company before the announcement of the Company's quarterly and full-year results;

(ii) together with the CEO, COO, Group CFO and where applicable, the external auditors, reviewed the key areas of Management's judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;

(iii) reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Company;

(iv) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;

(v) reviewed non-audit fees;

(vi) reviewed the appointment of different auditors for its subsidiaries;

(vii) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;

(viii) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues; and

(ix) reviewed interested party transactions.

Financial Matters

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

Guidelines of the Code	Corporate Governance Practices of the Company

Matters considered	Action
i. Impairment of vessels held as property, plant and equipment. ii. Fair valuation of unlisted ship investments.	The AC met with Management to consider the methodology and assumptions adopted for the valuation model used for impairment assessment and fair valuation of ship investments including the reasonableness of cash flow forecasts and discount rate taking into account market factors. The AC also discussed with the external auditors their review of the reasonableness and relevance of methodology and assumptions used in valuation models. The above procedures provided the AC with reasonable assurance on the approach and conclusion drawn by Management on these matters. Impairment of vessels held as property, plant and equipment and fair valuation of unlisted ship investments were also areas of focus for the external auditor. The external auditor has included these items as key audit matters in its audit report for the financial year ended 31 December 2016. Refer to pages 74 and 75 of this annual report.

Following the review and discussions, the AC recommended to the Board to approve the financial statements for FY2016.

Rule 1207(6) and Rules 712 and 715 and/or Rule 716 of the SGX-ST Listing Manual

The Board and AC have reviewed the appointment of different auditors for some of its subsidiaries and were satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Group and that Rule 716 of the Listing Manual has been complied with. Refer to Note 28 "Investments in Subsidiaries" of the Notes to the Consolidated Financial Statements for the subsidiaries audited by different auditors.

In appointing the audit firms for the Company, its subsidiaries and significant associated companies, the Audit Committee and the Board are satisfied that the Group has complied with Listing Rules 712, 715 and 716.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audit.

Guidelines of the Code	Corporate Governance Practices of the Company
13.1 to 13.4	The Group has outsourced its internal audit function to external audit professionals. Each of Uni-Asia Capital (Japan) Ltd ("**UACJ**") and Vista Hotel Management Ltd ("**VHM**"), the Company's subsidiaries in Japan, has an internal auditor performing the internal audit role in accordance with Japan's regulatory requirements, where applicable. The AC has initiated steps to undertake a high level review of the internal audit process in UACJ and VHM. Both external audit professionals and internal auditor of Japan report directly to the AC. The AC reviews and approves the annual audit plan and resources to ensure that the internal auditors have the necessary resources to adequately perform their duties.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
	The AC has reviewed the adequacy and effectiveness of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals.
13.5	The internal auditor plans its internal audit schedules in consultation with the AC. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the internal auditor may be involved in ad-hoc projects initiated by the Management which require the assurance of the internal auditor in specific areas of concerns. The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. The internal auditors conducted an annual review of the effectiveness of the Group's risk management and key internal control systems, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or lapses in internal controls, together with recommendation for improvement, are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of the required corrective, preventive or improvement measures are closely monitored.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guidelines of the Code	Corporate Governance Practices of the Company
14.1	The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.
14.2	Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the general meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the general meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meeting.
14.3	Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles allow each shareholder to appoint up to two proxies to attend AGMs and any other general meeting.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines of the Code	Corporate Governance Practices of the Company
15.1 to 15.4	The Company has put in place an investor relations ("**IR**") policy to promote regular and proactive communication with its shareholders. The Company keeps its website updated and maintains dedicated IR section for shareholders' convenience. All the announcements disclosed through SGXNET are also posted on the Company's website.
	The Company conducts briefings regularly for the media, analysts, brokers and fund managers, with the presence of key management personnel.
	Briefings for investors are held in conjunction with the release of the Company's quarterly and full year results, with the presence of the CEO, Group CFO, the executive directors and/or the key management personnel to answer the relevant questions which the investors may have.
	In addition, the Company has appointed a professional investor relations firm to promote effective communication with shareholders. Any questions from shareholders could either be raised to the investor relations firm or the Company to be addressed by the CEO, Management and/or the Group CFO.
	It is the Board's policy that shareholders be informed of all major developments within the Group. Price-sensitive information and results are released to the public through SGXNET on a timely basis in accordance with the requirements of the SGX-ST. The Company does not practice selective disclosure.
	The steps taken to solicit and understand the views of shareholders are disclosed under "Investor Relations" on Page 36 of this annual report.
15.5	The Company's dividend policy seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure.
	The declaration of a first and final Cayman Islands tax-exempt dividend of S$0.03 per ordinary share has been proposed for FY2016.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guidelines of the Code	Corporate Governance Practices of the Company
16.1	In general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Management regarding the Company. The Chairpersons of Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The minutes of the AGM are available to shareholders upon their request.

Corporate Governance Report

Guidelines of the Code	Corporate Governance Practices of the Company
	At every AGM, the Company is likely to present a review on the Company's financial results and its business outlook to shareholders. Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy.
	The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other issues are satisfactorily resolved.
16.2	Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.
16.3	The Chairman of the Board, Audit, Remuneration and Nominating Committees will be in attendance at the Company's AGM to address shareholders' questions relating to the work of the Board and Board Committees.
	The Company's external auditors, Ernst & Young LLP, have also been invited to attend the AGM and will be available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.
16.4	The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the directors or the Management questions regarding the Company and its operations. The minutes of general meetings will be prepared and are available to shareholders upon their request.
16.5	In accordance with Rule 730A(2) of the Listing Manual and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET.

DEALING IN SECURITIES

Rule 1207(19) of the SGX-ST Listing Manual	The Company has adopted an internal policy to govern the conduct of securities transactions by its directors and employees. All directors and officers of the Company and its subsidiaries who have access to price sensitive information are required to refrain from dealing in the Company's securities at all times as provided under the provisions of the Securities and Futures Act, Chapter 289 of Singapore.
	The directors and officers have been informed not to deal in the Company's shares whilst in possession of price sensitive information and during the periods commencing two weeks prior to the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results. The directors and officers are also discouraged from dealing in the Company's securities on short-term considerations.
	The directors and officers are required to observe insider trading provisions under the Securities and Futures Act, Chapter 289 of Singapore, at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

MATERIAL CONTRACTS

Rule 1207(8) of the SGX-ST Listing Manual

Save for the Service Agreements entered into with Mr. Michio Tanamoto and Mr. Masaki Fukumori, which are still subsisting as at the end of FY2016, there are no material contracts involving the interests of the CEO, the directors or controlling shareholders entered into by the Group which are still subsisting as at the end of the financial year or entered into during the financial year.

INTERESTED PERSON TRANSACTIONS

Rule 1207(17) of the SGX-ST Listing Manual

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. All interested person transactions are subject to review by the AC.

The aggregate value of the interested person transactions entered into during the financial year under review is as follows:-

Interested Person: Yamasa Co., Ltd (and its associates):-

Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
Nature	**Amount USD'million**	**Nature**	**Amount USD'million**
Equity contribution and shareholders' loan to joint investment companies where Yamasa Co., Ltd holds majority or 50% stake	7.4	Advisory fee income	0.1
		Administration fee income	0.1
		Charter brokerage fee income	0.1
		Commercial management fee income	0.2
		Technical consultancy fee income	0.1
Total	**7.4**	**Total**	**0.6**

Corporate Governance Report

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Rule 1207(7) of the SGX-ST Listing Manual on Statement of Direct and Deemed Interest of each Director

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

	Direct Interest		Deemed Interest	
Name of director and company in which interests are held	**Holdings at beginning of the year 01/01/2016**	**Holdings at end of the year 31/12/2016**	**Holdings at beginning of the year 01/01/2016**	**Holdings at end of the year 31/12/2016**
The Company				
Michio Tanamoto	1,005,312	1,040,312	–	–
Masaki Fukumori	962,220	1,013,920	–	–

There have been no changes in the above directors' interest as at 21 January 2017.

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2016

	BOARD		AUDIT		REMUNERATION		NOMINATING	
	No. of Meetings	No of Meetings Attended	No. of Meetings	No of Meetings Attended	No. of Meetings	No of Meetings Attended	No. of Meetings	No of Meetings Attended
Michio Tanamoto	4	4	–	–	–	–	–	–
Masaki Fukumori	4	4	–	–	–	–	–	–
Lee Gee Aik	4	4	4	4	1	1	1	1
Ronnie Teo Heng Hock	4	4	4	4	1	1	1	1
Rajan Menon	4	4	4	4	1	1	1	1
Wu Kuang-hui (Proxy: Kao, Pao-Lien)	4	4	4	4	–	–	–	–

TABLE 2 – BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Audit Committee	Remuneration Committee	Nominating Committee
Michio Tanamoto	Executive Chairman/Non-independent	–	–	–
Masaki Fukumori	Executive/Non-independent	–	–	–
Lee Gee Aik	Non-Executive/Independent	Chairman	Member	Member
Ronnie Teo Heng Hock	Non-Executive/Independent	Member	Member	Chairman
Rajan Menon	Non-Executive/Independent	Member	Chairman	Member
Wu Kuang-hui	Non-Executive/Non-independent	Member	–	–

Corporate Governance Report

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT, LAST RE-ELECTION AND THEIR DIRECTORSHIPS

Name of Director	Age	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 3 years) directorships in listed companies
Michio Tanamoto	59	17/03/1997	–	Uni-Asia Holdings Limited	–
Masaki Fukumori	55	01/03/2012	–	Uni-Asia Holdings Limited	–
Ronnie Teo Heng Hock	67	26/06/2007	29/04/2016	(1) Uni-Asia Holdings Limited (2) EnGro Corporation Limited	New Toyo International Holdings Ltd
Rajan Menon	68	18/04/2008	29/04/2015	Uni-Asia Holdings Limited	–
Wu Kuang-hui	55	31/12/2010	29/04/2015	Uni-Asia Holdings Limited	–
Lee Gee Aik	58	04/01/2016	–	(1) Uni-Asia Holdings Limited (2) Anchun International Limited (3) SHS Holdings Limited (4) LHN Limited (5) Astaka Holdings Limited	(1) Leader Environment Technologies Limited (2) Sinostar PEC Holdings Limited (3) Ley Choon Group Holdings Limited (4) International Healthway Corporation Limited

TABLE 4 - REMUNERATION OF DIRECTORS FOR FY2016

Name of Directors	Position	Breakdown Of Remuneration In Percentage (%)					Total Remuneration in compensation bands of S$100,000
		Directors' Fee	Salary %	Cash Performance Bonus %	Benefits in Kind[(1)] %	Total	
Michio Tanamoto	Executive	–	64.6%	–	35.4%	100%	S$300,001 - S$400,000
Masaki Fukumori	Executive	–	63.5%	–	36.5%	100%	S$300,001 - S$400,000
Lee Gee Aik	Independent	100%	–	–	–	100%	<S$100,000
Ronnie Teo Heng Hock	Independent	100%	–	–	–	100%	<S$100,000
Rajan Menon	Independent	100%	–	–	–	100%	<S$100,000
Ang Miah Khiang*	Independent	100%	–	–	–	100%	<S$100,000
The Aggregate Total Remuneration (S$'000) of Directors						1,004	

* Retired on 29 April 2016

Corporate Governance Report

TABLE 4A – REMUNERATION OF KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR FY2016

Name of Top 6 Key Management Personnel	Position	Breakdown Of Remuneration In Percentage (%)				Total Remuneration in compensation bands of S$250,000
		Salary %	Cash Performance Bonus %	Benefits in Kind[1] %	Total	
Masahiro Iwabuchi	Senior Managing Director	61.9%	6.7%	31.4%	100%	S$500,001 - S$750,000
Kenji Fukuyado	Managing Director	91.0%	–	9.0%	100%	S$250,001 - S$500,000
Zac K. Hoshino	Managing Director	95.3%	–	4.7%	100%	S$250,001 - S$500,000
Lim Kai Ching	Group Chief Financial Officer	94.1%	–	5.9%	100%	S$250,001 - S$500,000
Makoto Tokozume	Executive Vice President	94.1%	–	5.9%	100%	S$250,001 - S$500,000
Matthew Yuen	Executive Vice President	89.0%	–	11.0%	100%	<S$250,000
The Aggregate Total Remuneration (S$'000) of Top 6 Key Management Personnel					2,085	

Note:

(1) Benefits in kind include employer's contribution to defined contribution plan (e.g. Central Provident Fund), housing, etc.

FINANCIAL CONTENTS

Independent Auditor's Report

To the Shareholders of Uni-Asia Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying financial statements of Uni-Asia Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment of vessels held as property, plant and equipment

The Group operates a ship owning and chartering business as disclosed in Note 3 of the financial statements. The depression experienced in the ship chartering sector and a history of recent losses for certain subsidiaries of the Group that own and operate the ship chartering business have resulted in an indication of impairment of the vessels. Due to these indicators of impairment, management performed impairment assessment on the carrying value of these vessels using value in use method and recorded an impairment of US$8.6 million.

This area was significant to our audit due to the magnitude of the impairment charge as well as the total carrying amount of the vessels of US$188.2 million representing 70% of the total non-current assets as at 31 December 2016, the significant management's judgment involved and use of various assumptions in the impairment assessment process. Accordingly, we have identified this as a key audit matter.

Key audit matter (cont'd)

Impairment of vessels held as property, plant and equipment (cont'd)

As part of our audit procedures, we addressed the appropriateness of the impairment assessment based on IAS 36 *Impairment of Assets* requirements and involved our internal valuation specialist to support us in assessing the appropriateness of the key assumptions used in the cash flow forecast such as daily charter rate, terminal value, operational expenses, and the discount rate. We also assessed on the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive included in Note 8.

Fair value of unlisted shares and unlisted performance notes in shipping companies

The Group invested in unlisted shares and unlisted performance notes of special purpose companies that own and charter ship which were carried at fair value through profit or loss as disclosed in Note 6 of the financial statements. These investments are significant to our audit due to the magnitude of their total carrying amount of US$19.7 million representing 7% of the total non-current assets as at 31 December 2016. The fair value changes in the unlisted shares and unlisted performance notes are primarily driven by the change in fair value of the underlying vessels held by the investee companies. Management has engaged an external independent valuer to perform the valuation. Such valuation involved significant judgment and the use of various assumptions. As such, we have identified this as a key audit matter.

As part of our audit procedures, we have considered the competence and objectivity of the external independent valuer and involved our internal valuation specialist to support us in assessing the appropriateness of the key assumptions used in the valuation process such as daily charter rate, terminal value, operational expenses, and the discount rates. We have also assessed the appropriateness of Note 31 in relation to the disclosures of valuation technique, inputs used, and the sensitivity analysis.

Fair value of unlisted shares in office property and small residential property developments, and investment properties

The Group holds office properties and small residential properties as investment properties as disclosed in Note 5 of the financial statements. In addition, the Group also invests in unlisted shares of special purpose companies that hold office properties and small residential properties for capital appreciation which were carried at fair value through profit or loss as disclosed in Note 6 of the financial statements. The fair valuation of these investments in unlisted shares, investment properties and small residential properties were significant to our audit due to the magnitude of their total carrying amount of US$38.4 million representing 14% of the total non-current assets as at 31 December 2016 and the complexity and subjectivity of the valuation to a range of estimates made by management (amongst others, gross development value, development cost, rental yield, vacancy rate, gross capitalisation rates, expense ratio and discount rate). As such, we have identified this as a key audit matter.

Management determine the individual fair value of the office properties and small residential properties quarterly and at the end of the year. As part of our audit procedures, we have evaluated and assessed the appropriateness of the valuation technique used by management. We involved our internal valuation specialist to support us in assessing the appropriateness of the key assumptions used such as gross development value, development cost, rental yield, vacancy rate, gross capitalisation rates, expense ratio and discount rate used by management in the valuation process. We have also assessed the appropriateness of Note 31 relating to the disclosures of valuation technique, inputs used and the sensitivity analysis.

Business combination achieved in stages

During the financial year ended 2016, the Group acquired control of a company, through a step-up acquisition, for a total purchase consideration of US$250,000 and US$975,000 of negative goodwill were recognised in the profit or loss arising from this acquisition. We have determined this to be a key audit matter due to the quantitative materiality of the acquisition and the significant management judgments made on the purchase price allocations (PPAs) in relation to the valuation of the underlying vessel of US$16.2 million held.

Independent Auditor's Report

To the Shareholders of Uni-Asia Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Key audit matter (cont'd)

Business combination achieved in stages (cont'd)

As part of our audit procedures on the accounting for the acquisition, we reviewed the purchase agreement and checked the payment of the purchase price consideration to the seller. An important element of our audit relates to the identification and fair value measurement of the acquired vessel held as property, plant and equipment. We have reviewed management's valuation technique as well as the key assumptions used in measuring the fair value of the acquired vessel in the PPAs such as valuation technique, daily charter rate, terminal value, operational expenses, and the discount rate. We evaluated the timing and appropriateness of the accounting treatment and consideration of the acquisition based on the contractual agreement. We have also assessed the adequacy of the related disclosures relating to the acquisition in Note 29.

Impairment of investments in subsidiaries (Company level)

The investment in subsidiaries are accounted for at cost less impairment losses. These subsidiaries hold vessels and investment in properties as listed in Note 28. As part of or audit procedures, the results of the key audit matters discussed in the preceding paragraphs relating to impairment of vessels held as property, plant and equipment and fair value of unlisted shares in office property and small residential property developments, and investment properties are taken into consideration when assessing the impairment in investments in subsidiaries.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report

To the Shareholders of Uni-Asia Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wilson Woo Siew Wah.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
17 March 2017

Balance Sheets

As at 31 December 2016

	Notes	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
ASSETS					
Non-current assets					
Investment properties	5	13,949	8,565	–	–
Investments	6	45,113	46,946	19,562	24,190
Investments in subsidiaries	28	–	–	72,849	65,555
Intangible assets	7	1	69	–	–
Property, plant and equipment	8	195,254	171,715	294	408
Loans receivable	9	2,050	5,050	2,050	2,050
Loans to subsidiaries	28(e)	–	–	9,392	8,186
Rental deposit		3,150	2,445	–	–
Derivative financial instruments	10	329	117	588	531
Finance lease receivable	32(d)	7,705	7,812	–	–
Accounts receivable	11	621	–	–	–
Deferred tax assets	24(b)	46	33	–	–
Deposits for purchase of vessels		–	6,846	–	–
Total non-current assets		268,218	249,598	104,735	100,920
Current assets					
Investments	6	2,402	27	–	–
Loans receivable	9	6,983	200	400	200
Loans to subsidiaries	28(e)	–	–	19,301	12,207
Derivative financial instruments	10	17	–	357	440
Finance lease receivable	32(d)	331	279	–	–
Accounts receivable	11	3,810	3,811	76	65
Amounts due from subsidiaries	28(d)	–	–	486	1,691
Prepayments, deposits and other receivables		4,965	5,488	712	523
Tax recoverable		1,074	379	–	–
Assets held for sale	12	–	18,028	–	–
Deposits pledged as collateral	13	4,320	6,008	2,450	4,006
Cash and bank balances	14	35,552	30,334	8,700	8,051
Total current assets		59,454	64,554	32,482	27,183
Total assets		327,672	314,152	137,217	128,103

Balance Sheets

As at 31 December 2016

	Notes	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
EQUITY					
Equity attributable to owners of the parent					
Share capital	15	75,167	75,167	75,167	75,167
Share premium	15	31,319	31,319	31,319	31,319
Retained earnings		14,460	30,811	3,800	4,789
Hedging reserve	27(a)	353	(14)	–	(1)
Exchange reserve	27(b)	525	875	–	–
Share based compensation reserve	27(c)	–	32	–	32
Capital reserve	27(d)	(117)	(117)	–	–
Total equity attributable to owners of the parent		121,707	138,073	110,286	111,306
Non-controlling interests		4,185	2,101	–	–
Total equity		125,892	140,174	110,286	111,306
LIABILITIES					
Non-current liabilities					
Borrowings	16	131,125	109,842	8,700	1,966
Due to Tokumei Kumiai investors		–	603	–	–
Derivative financial instruments	10	258	414	588	531
Deferred tax liabilities	24(b)	504	1,236	–	–
Deferred income		973	–	–	–
Other payables		78	80	–	–
Provision for onerous contract	17	2,140	–	–	–
Total non-current liabilities		135,078	112,175	9,288	2,497
Current liabilities					
Borrowings	16	54,291	54,524	16,072	12,485
Due to Tokumei Kumiai investors		1,007	–	–	–
Derivative financial instruments	10	340	484	357	441
Accounts payable	18	2,961	2,784	–	5
Amounts due to subsidiaries		–	–	512	628
Other payables and accruals		5,874	3,657	702	741
Provision for onerous contract	17	1,335	–	–	–
Income tax payable		894	354	–	–
Total current liabilities		66,702	61,803	17,643	14,300
Total liabilities		201,780	173,978	26,931	16,797
Total equity and liabilities		327,672	314,152	137,217	128,103

Consolidated Income Statement

For the financial year ended 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Charter income		34,252	30,465
Fee income	19	5,824	7,796
Hotel income		41,973	33,345
Investment returns	20	2,134	3,961
Interest income	21	723	718
Other income		1,392	767
Total income		86,298	77,052
Employee benefits expenses	22	(14,753)	(12,875)
Amortisation and depreciation		(10,648)	(9,634)
Vessel operating expenses		(18,321)	(13,613)
Hotel lease expenses		(14,445)	(11,327)
Hotel operating expenses		(17,218)	(13,596)
Other expenses	23	(4,826)	(5,142)
Impairment of property, plant and equipment		(8,590)	(1,400)
Provision for onerous contract	17	(3,475)	–
Net foreign exchange loss		(312)	(558)
Total operating expenses		(92,588)	(68,145)
Operating (loss)/profit		(6,290)	8,907
Finance costs - interest expense	21	(5,079)	(3,821)
Finance costs - others		(316)	(278)
Allocation to Tokumei Kumiai[(1)] investors		205	(908)
(Loss)/profit before tax		(11,480)	3,900
Income tax expense	24(a)	(748)	(380)
(Loss)/profit for the year		(12,228)	3,520
Attributable to:			
Owners of the parent		(14,166)	2,696
Non-controlling interests		1,938	824
		(12,228)	3,520
(Loss)/profit per share attributable to owners of the parent (US cents per share):			
- Basic and diluted	26	(30.15)	5.74

(1) Tokumei Kumiai ("TK") refers to a form of silent partnership structure used in Japan. Allocation to TK investors refers to share of profit and loss attributable to other TK investors of the TK structure.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	Notes	2016 US$'000	2015 US$'000
(Loss)/profit for the year		(12,228)	3,520
Other comprehensive (loss)/income for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(356)	171
Net movement on cash flow hedges		488	(22)
Other comprehensive income for the year, net of tax		132	149
Total comprehensive (loss)/income for the year, net of tax		(12,096)	3,669
Attributable to:			
Owners of the parent		(14,149)	2,850
Non-controlling interests		2,053	819
		(12,096)	3,669

Statements of Changes in Equity

For the financial year ended 31 December 2016

Group	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Hedging reserve US$'000	Exchange reserve US$'000	Share based compensation reserve US$'000	Capital reserve US$'000	Total equity attributable to owners of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2015	75,167	31,319	30,333	8	699	–	(117)	137,409	1,003	138,412
Profit for the year	–	–	2,696	–	–	–	–	2,696	824	3,520
Other comprehensive (loss)/ income for the year	–	–	–	(22)	176	–	–	154	(5)	149
Total comprehensive income/ (loss) for the year	–	–	2,696	(22)	176	–	–	2,850	819	3,669
Capital reserve	–	–	–	–	–	–	–	–	310	310
Dividend in respect of 2014	–	–	(2,218)	–	–	–	–	(2,218)	–	(2,218)
Payment to non-controlling interest	–	–	–	–	–	–	–	–	(31)	(31)
Accrual of share based compensation	–	–	–	–	–	32	–	32	–	32
At 31 December 2015 and at 1 January 2016	75,167	31,319	30,811	(14)	875	32	(117)	138,073	2,101	140,174
(Loss)/profit for the year	–	–	(14,166)	–	–	–	–	(14,166)	1,938	(12,228)
Other comprehensive income/ (loss) for the year	–	–	–	367	(350)	–	–	17	115	132
Total comprehensive (loss)/ income for the year	–	–	(14,166)	367	(350)	–	–	(14,149)	2,053	(12,096)
Dividend in respect of 2015	–	–	(2,185)	–	–	–	–	(2,185)	–	(2,185)
Capital contributed by non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	39	39
Payment to non-controlling interest	–	–	–	–	–	–	–	–	(8)	(8)
Reversal of share based compensation	–	–	–	–	–	(32)	–	(32)	–	(32)
At 31 December 2016	75,167	31,319	14,460	353	525	–	(117)	121,707	4,185	125,892

Statements of Changes in Equity

For the financial year ended 31 December 2016

Company	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Hedging reserve US$'000	Share based compensation reserve US$'000	Total equity US$'000
At 1 January 2015	75,167	31,319	4,567	(16)	–	111,037
Profit for the year	–	–	2,440	–	–	2,440
Other comprehensive income for the year	–	–	–	15	–	15
Total comprehensive income for the year	–	–	2,440	15	–	2,455
Dividend in respect of 2014	–	–	(2,218)	–	–	(2,218)
Accrual of share based compensation	–	–	–	–	32	32
At 31 December 2015 and at 1 January 2016	75,167	31,319	4,789	(1)	32	111,306
Profit for the year	–	–	1,196	–	–	1,196
Other comprehensive income for the year	–	–	–	1	–	1
Total comprehensive income for the year	–	–	1,196	1	–	1,197
Dividend in respect of 2015	–	–	(2,185)	–	–	(2,185)
Reversal of share based compensation	–	–	–	–	(32)	(32)
At 31 December 2016	75,167	31,319	3,800	–	–	110,286

Consolidated Cash Flow Statement

For the financial year ended 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Cash flows from operating activities			
(Loss)/profit before tax		(11,480)	3,900
Adjustments for:			
Investment returns	20	(2,134)	(3,961)
Amortisation and depreciation		10,648	9,634
Realisation of goodwill arising on acquisition of a subsidiary		(975)	–
Loss on disposal of property, plant and equipment		2	3
Impairment of property, plant and equipment		8,590	1,400
Impairment of goodwill		67	–
Provision for onerous contract	17	3,475	–
(Reversal of provision)/provision for accounts receivable		(109)	61
Net foreign exchange loss		312	558
Interest income	21	(723)	(718)
Finance costs - interest expense	21	5,079	3,821
Finance costs - others		316	278
Allocation to Tokumei Kumiai investors		(205)	908
Share based compensation	22	(32)	32
Operating cash flows before changes in working capital		12,831	15,916
Changes in working capital:			
Net change in accounts receivable		(572)	(932)
Net change in prepayments, deposits and other receivables		641	(4,025)
Net change in accounts payable		373	416
Net change in other payables and accruals		195	(1,031)
Cash flows generated from operations		13,468	10,344
Interest received on bank balances		117	106
Tax paid		(1,254)	(148)
Net cash flows generated from operating activities		12,331	10,302

Consolidated Cash Flow Statement

For the financial year ended 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Cash flows from investing activities			
Purchase of investment properties		(7,912)	(9,955)
Purchase of investments		(13,576)	(8,259)
Proceeds from sale of investment properties		4,286	9,279
Proceeds from redemption/sale of investments		17,443	8,100
Net cash inflow on acquisition of an investment	29	1	–
Deconsolidation of consolidated entities	29	(1,016)	2,055
Investment in finance lease		287	(8,091)
Hotel lease deposit		(183)	–
Deposits for small residential projects		(453)	–
Deposits paid for purchase of vessels		6,846	7,053
Proceeds from disposal of property, plant and equipment		15,840	–
Purchase of property, plant and equipment		(25,633)	(86,756)
Contribution from a Tokumei Kumiai investor		1,223	429
Redemption of Tokumei Kumiai investors		(560)	(1,416)
Loans advanced		(12,030)	(200)
Loans repaid		3,900	1,732
Interest received from loans and finance lease		654	692
Net decrease/(increase) in deposits pledged as collateral		1,556	(856)
Income proceeds from investments		342	2,157
Settlement of derivative financial instruments		(1,721)	292
Proceeds from property rental		220	121
Net cash flows used in investing activities		(10,486)	(83,623)
Cash flows from financing activities			
Proceeds from borrowings		47,928	113,568
Repayment of borrowings		(35,379)	(39,714)
Interests paid on borrowings		(4,888)	(3,568)
Other finance cost paid		(355)	(504)
Dividend paid		(2,185)	(2,218)
Contribution from non-controlling interests		39	–
Payment to non-controlling interest		(8)	(31)
Net cash flows generated from financing activities		5,152	67,533
Net increase/(decrease) in cash and cash equivalents		6,997	(5,788)
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the year		30,334	36,321
Net increase/(decrease) in cash and cash equivalents		6,997	(5,788)
Effects of foreign exchange rate changes, net		(1,779)	(199)
Cash and cash equivalents at end of the year	14	35,552	30,334

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

1. Corporate information

The principal activities of Uni-Asia Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are finance arrangement, investment and investment management of alternative assets including primarily shipping and real estates in Japan, China and Hong Kong, and hotel operations in Japan.

The Company is an exempted company incorporated in the Cayman Islands on 17 March 1997 with limited liability and its shares are listed on the Singapore Exchange.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in United States dollars ("USD" or "US$") and all values are rounded to the nearest thousand ("US$'000"), except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of its subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies. The results of its subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises: (i) the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation differences recorded in equity; and recognises: (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies and disclosures*

The accounting policies adopted are consistent with those of the previous year, except for the following new and amended standards effective as of 1 January 2016:

- Amendments to IAS 27 *Equity Method in Separate Financial Statements*
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Improvement to the standard and interpretations (November 2014)
  - (a) Amendments to IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*
  - (b) Amendments to IFRS 7 *Financial Instruments: Disclosures*
  - (c) Amendments to IAS 19 *Employee Benefits*
- Amendments to IAS 1 *Disclosure Initiative*
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

The adoption of these new standards did not have significant effect on the financial statements.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Descriptions	**Effective for annual periods beginning on or after**
Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to IAS 7 *Statement of Cash Flows: Disclosures*	1 January 2017
IFRS 2 *Share-based Payment*	1 January 2018
IFRS 9 *Financial Instruments*	1 January 2018
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
IFRS 16 *Leases*	1 January 2019
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*	To be determined

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application except for IFRS 9, IFRS 15 and IFRS 16 described below.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects not to apply the option of fair value through OCI, the shares are continued to be held at fair value through profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact. The Company expects the adoption of the new standard will result in increase in impairment allowance.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

IFRS 9 *Financial Instruments (cont'd)*

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's financial statements.

IFRS 16 *Leases*

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

IFRS 16 *Leases (cont'd)*

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

2.4 *Subsidiaries*

Subsidiaries are all entities that are controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.5 *Joint ventures*

A joint venture is an entity in which the Group has joint control over the net assets of the entity with the Group's joint venture partner. The Group has elected to apply the measurement exception where investments held by venture capital or similar entities are designated, upon initial recognition, as a fair value through profit or loss and are accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). Refer to policy 2.16 on financial assets.

2.6 *Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The Group has elected to apply the measurement exception where investments held by venture capital or similar entities are designated, upon initial recognition, as a fair value through profit or loss and are accounted for in accordance with IAS 39. Refer to policy 2.16 on financial assets.

2. Summary of significant accounting policies (cont'd)

2.7 *Fair value measurement*

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.8 *Revenue and other income recognition*

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be measured reliably, on the following recognition criteria:

Arrangement fee is recognised on delivery and upon completion of the transaction or service when all obligations associated with the transaction are completed and when the amount of revenue can be measured reliably.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.8 *Revenue and other income recognition (cont'd)*

Agency fee and brokerage commission are recognised when pre-agreed duties and functions of acting as an agent have been rendered.

Project management fee, technical/commercial management fee, asset management fee, administration fee, incentive fee and charter income are recognised when pre-agreed terms and services have been rendered.

Hotel income is recognised on a basis that reflects the timing, nature and value when the relevant services are provided.

Rental income is recognised on a straight-line basis over the leases terms.

Interest income is recognised on the effective interest basis.

Dividend income is recognised when the right to receive payment is established.

2.9 *Business combination and goodwill*

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair value of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2. Summary of significant accounting policies (cont'd)

2.9 *Business combination and goodwill (cont'd)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.10 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.11 *Impairment of non-financial assets*

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of non-financial assets (cont'd)*

For assets excluding goodwill, an assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 *Property, plant and equipment*

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the items. Vessel repairs and surveys costs are charged as expenses as they are incurred. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use.

Freehold land in hotel properties has unlimited useful life and therefore is not depreciated.

Leasehold improvements are depreciated over two years of the lease period while all other property, plant and equipment are depreciated at the following rates on a straight-line basis, which are deemed sufficient to write-off their costs to their residual values over their estimated useful lives: office equipment at 33 1/3%, hotel properties at 2.6%, vessels at 4.0% - 6.5%, motor vehicles at 8.8% and furniture and fixtures at 25% per annum.

An element of the cost of the vessel is attributed at acquisition to its service potential reflecting its maintained condition. This cost is depreciated over the period to the next dry-docking. Costs incurred on subsequent dry-docking of vessel are capitalised and depreciated on a straight-line basis over the estimated period until the next dry-docking. Gain or loss on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

The residual value, useful life and depreciation method are reviewed at each year end and adjusted prospectively, if appropriate.

2.13 *Investment properties*

Investment properties are properties owned by the Group that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value. Changes in fair value are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amount of the replaced components are written-off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to the profit or loss when incurred.

On disposal of an investment property, the differences between the disposal proceeds and the carrying amount are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.14 *Intangible assets (other than goodwill)*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each year end.

Trademark and licenses

Purchased trademark and licenses are measured at cost less any impairment losses and are amortised on the straight-line basis over their estimate useful lives of 3 to 10 years.

2.15 *Cash dividend to equity owners of the parent*

The Group recognises a liability to make cash distributions to equity owners of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders.

A corresponding amount is recognised directly in equity.

2.16 *Financial assets*

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the balance sheets at fair value with net changes in fair value recognised in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for in Note 2.8 above.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.16 *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under IAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, AFS financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation as these instruments cannot be reclassified after initial recognition.

For investments that meet the definition under IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28"), the Group has elected to apply the measurements exception where investments held by venture capital or similar entities are designated, upon initial recognition, at fair value through profit or loss and are accounted for in accordance with IAS 39.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using effective interest method less any impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss. The loss arising from impairment is recognised in profit or loss.

Determination of fair value

Fair value for unquoted securities is estimated by the management. In determining fair value, the management makes use of market-based information and fair valuation models such as discounted cash flow models or residual method. In many instances the management also relies on financial data of investees and on estimates provided by the management of the investee companies as to the effect of future developments.

Performance notes are investments with income and maturity values which fluctuate based on the distributions received from underlying assets, which are generally investments in property development companies, distressed loans or shipping companies.

Fair value of performance notes or other collective investment schemes are determined by the Group's interests in the fair value of each scheme's underlying assets.

Although the management uses their best judgement in estimating the fair value of investments, there are inherent limitations in any estimation techniques. Future confirming events will also affect the estimates of fair value and the effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to these consolidated financial statements.

2. Summary of significant accounting policies (cont'd)

2.16 *Financial assets (cont'd)*

Derecognition of financial assets

A financial asset is derecognised when:

- the right to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

  When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the assets. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

  Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the assets (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.16 *Financial assets (cont'd)*

Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written-off when there is no realistic prospect of future recovery or other criteria for writing-off amounts charged to the allowance account against the carrying amount of impaired financial assets.

If in subsequent periods, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

2.17 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.17 *Financial liabilities (cont'd)*

Subsequent measurement (cont'd)

(b) Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost including accounts payable and other payables, and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 *Non-current assets held for sale*

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Property, plant and equipment once classified as held for sale are not depreciated or amortised.

2.19 *Cash and short-term deposits*

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.20 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.20 *Taxes (cont'd)*

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.21 *Employee benefits*

Pension obligations

Group companies have various defined contribution pension schemes in accordance with the local conditions and practices in the countries in which they operate. A defined contribution pension scheme is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee services in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

2.22 *Share-based payment*

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 22.

2.23 *Derivative financial instruments and hedge accounting*

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

2.23 *Derivative financial instruments and hedge accounting (cont'd)*

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instruments, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instruments' effectiveness of changes in the hedging instruments' fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

(a) *Fair value hedges*

The change in the fair value of an interest rate hedging derivative is recognised in profit or loss in investments return. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in profit or loss as investments return.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying values is amortised through profit or loss over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss as investments return.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instruments are also recognised in profit or loss.

(b) *Cash flow hedges*

The effective portions of the gains or losses on the hedging instruments are recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instruments expires or are sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2. Summary of significant accounting policies (cont'd)

2.24 *Foreign currency translations*

The Group's consolidated financial statements are presented in USD, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency of exchange ruling at the end of the reporting period. All differences are taken to profit or loss with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item i.e., transaction differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively.

The functional currencies of certain overseas subsidiaries are currencies other than the USD. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their profit or loss are translated into USD at the average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amount of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and are translated at the closing rates.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into USD at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into USD at the average exchange rates for the year.

2.25 *Leases*

Leases that transfer substantially all the risks and rewards of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

2. Summary of significant accounting policies (cont'd)

2.25 *Leases (cont'd)*

Where the Group is the lessor, amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Initial direct costs incurred by the Group are commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease. They exclude general overheads such as those incurred by sales and marketing team. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Finance lease income is subsequently allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Estimated unguaranteed residual values used in computing the Group's gross investment in the lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts accrued is recognised immediately.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

2.26 *Provision*

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounting present value amount arising from the passage of time is included in finance costs in profit or loss.

2.27 *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are recognised in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. Summary of significant accounting policies (cont'd)

2.28 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

3. Segment information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit before tax from continuing operations.

(a) *Operating segments*

At 31 December 2016, the Group is organised on a worldwide basis into four main reportable segments (activities):

(i) Investments and Asset Management of Ships and Properties, Ship Finance Arrangement;

(ii) Ship Owning and Chartering;

(iii) Investments and Asset Management of Properties in Japan; and

(iv) Hotel Operations in Japan.

The segment results for the years ended 31 December 2016 were as follows:

2016	**Investments and Asset Manage-ment of Ships and Properties, Ship Finance Arrangement**	**Ship Owning and Chartering**	**Investment and Asset Management of Properties in Japan**	**Hotel Operations in Japan**	**Eliminations**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total income						
External customers	10,637	27,955	4,929	42,054	–	85,575
Interest income	206	19	498	–	–	723
Inter-segment	1,643	–	2,991	192	(4,826)	–
	12,486	27,974	8,418	42,246	(4,826)	86,298
Results						
Amortisation and depreciation	(2,108)	(8,273)	(195)	(85)	13	(10,648)
Impairment of property, plant and equipment	–	(8,590)	–	–	–	(8,590)
Finance costs - interest expenses	(1,055)	(3,703)	(345)	(31)	55	(5,079)
Finance costs - others	(54)	(284)	(67)	(6)	95	(316)
Allocation to Tokumei Kumiai investors	47	–	158	–	–	205
(Loss)/profit before tax	(2,820)	(13,294)	5,369	1,025	(1,760)	(11,480)
Other segment item is as follows:						
Capital expenditure	58	25,451	7,913	33	–	33,455

3. Segment information (cont'd)

(a) *Operating segments (cont'd)*

The segment results for the years ended 31 December 2015 were as follows:

2015	Investments and Asset Manage-ment of Ships and Properties, Ship Finance Arrangement	Ship Owning and Chartering	Investment and Asset Management of Properties in Japan	Hotel Operations in Japan	Eliminations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total income						
External customers	11,961	27,193	3,745	33,435	–	76,334
Interest income	491	4	222	1	–	718
Inter-segment	1,854	–	1,692	194	(3,740)	–
	14,306	27,197	5,659	33,630	(3,740)	77,052
Results						
Amortisation and depreciation	(952)	(8,454)	(185)	(54)	11	(9,634)
Impairment of property, plant and equipment	–	(1,400)	–	–	–	(1,400)
Finance costs - interest expenses	(606)	(3,173)	(193)	(29)	180	(3,821)
Finance costs - others	(109)	(244)	(25)	(5)	105	(278)
Allocation to Tokumei Kumiai investors	(908)	–	–	–	–	(908)
Profit/(loss) before tax	(681)	623	3,127	889	(58)	3,900
Other segment item is as follows:						
Capital expenditure	47,379	49,244	25	77	–	96,725

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

3. Segment information (cont'd)

(a) *Operating segments (cont'd)*

The segment assets and liabilities were as follows:

	Investments and Asset Manage-ment of Ships and Properties, Ship Finance Arrangement	Ship Owning and Chartering	Investment and Asset Management of Properties in Japan	Hotel Operations in Japan	Eliminations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 31 December 2016						
Segment assets						
Total assets	178,947	169,548	37,765	13,170	(71,758)	327,672
Segment liabilities						
Total liabilities	58,514	118,677	24,230	7,975	(7,616)	201,780
As at 31 December 2015						
Segment assets						
Total assets	170,334	177,481	25,367	10,592	(69,622)	314,152
Segment liabilities						
Total liabilities	44,569	113,808	14,825	6,213	(5,437)	173,978

Segment assets consist primarily of investment properties, property, plant and equipment, receivables, investments, assets held for sale, deposits pledged as collateral, cash and bank balances, deposits for purchase of vessels and derivative financial instruments.

Segment liabilities consist primarily of borrowings, payables, accruals and derivative financial instruments.

Capital expenditure represents capital additions to investment properties (Note 5) and property, plant and equipment (Note 8).

3. Segment information (cont'd)

(b) *Geographical information*

The Group's four operating segments operate in three main geographical areas, even though they are managed on a worldwide basis.

Global - the Global segment represents activities with assets or customers with no fixed location, which include ship finance arrangement, investments and asset management of ships, ship owning and chartering.

Asia (ex-Japan) - the Asia (ex-Japan) segment represents activities with assets or customers located in Asia (ex-Japan), which include ship finance arrangement, investments and asset management of properties.

Japan - the Japan segment represents activities with assets or customers located in Japan, which include ship finance arrangement, investments and asset management of properties and hotel operations.

	2016	**2015**
	US$'000	US$'000
Total income:		
Global	30,212	33,740
Asia (ex-Japan)	6,441	2,600
Japan	49,645	40,712
	86,298	77,052

During the year, revenue from one major customer amounted to US$9.7 million (2015: US$15.8 million) arising from fee income generated from ship owning and chartering segment.

	2016	**2015**
	US$'000	US$'000
Non-current assets:		
Global	210,791	200,713
Asia (ex-Japan)	23,450	20,704
Japan	33,977	28,181
	268,218	249,598

Income and non-current assets attributable to operating segments are based on the countries in which the customers are located. There is no sale between the geographical segments.

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4. Significant accounting judgements, estimates and assumptions

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(a) *Impairment of vessels held as property, plant and equipment*

The Group owns vessels held as property, plant and equipment for ship chartering business. Indicators of impairment on the vessels was assessed annually to identify whether the vessels may be impaired. The Group computed the vessels' recoverable amount using value in use and compared with its carrying amounts to identify impairment losses when indicators of impairment existed. The key assumptions used in the value in use computation comprise of daily charter rate, terminal value, operational expenses, and the discount rate. The discount rate and sensitivity of the discount rate to the recoverable amounts are disclosed in Note 8.

The carrying amount of the vessels held as property, plant and equipment as at 31 December 2016 is disclosed in Note 8.

(b) *Fair value of unlisted shares and unlisted performance notes in shipping companies*

The Group invested in unlisted shares and unlisted performance notes of special purpose companies that own and carried ship which were carried a fair value through profit or loss. The Group used external valuation report in the fair valuation of the unlisted shares and unlisted performance notes. The key assumptions used in the valuation are as daily charter rate, terminal value, operational expenses, and the discount rate. The significant unobservable inputs used in fair valuation including its sensitivity analysis are disclosed in Note 31(c).

The carrying amount of the unlisted shares and unlisted performance notes in shipping companies as at 31 December 2016 are disclosed in Note 6.

(c) Fair value of unlisted shares in office property and small residential property developments, and investment properties

The Group held office properties and small residential properties as investment properties measured at fair value. In addition, the Group invested in unlisted shares of special purpose companies that held office properties and small residential properties measured at fair value through profit or loss. The Group used external valuation report in determining fair value of office properties held as investment properties and held through unlisted shares. For small residential property development held through unlisted shares and held as investment properties, the Group used internal valuation in estimating the fair value of the unlisted shares and investment properties. The key assumptions used in the valuations are gross development value, development cost, rental yield, vacancy rate, capitalisation rates, expense ratio and discount rate. The significant unobservable inputs used in fair valuation including its sensitivity analysis are disclosed in Note 31(c).

4. Significant accounting judgements, estimates and assumptions (cont'd)

Estimates and assumptions (cont'd)

(c) *Fair value of unlisted shares in office property and small residential property developments, and investment properties (cont'd)*

The carrying amount of the investment properties and unlisted shares in office property and small residential property developments as at 31 December 2016 are disclosed in Note 5 and Note 6 respectively.

(d) *Business combination achieved in stages*

The Group acquired control of a company, through a step-up acquisition for a total purchase consideration of US$250,000 and US$975,000 of negative goodwill were recognised in the profit or loss arising from this acquisition. Significant judgement was made on the purchase price allocations in relation to the valuation of the underlying vessel of US$ 16.2 million held. The Group used discounting cash flow model to determine fair value of the underlying vessel. The key assumption used in the valuation are daily charter rate, terminal value, operational expenses, and the discount rate. The disclosure of this acquisition is disclosed in Note 29.

5. Investment properties

		Group	
	Note	**2016**	**2015**
		US$'000	US$'000
At 1 January		8,565	11,771
Additions		7,912	9,955
Disposals		(956)	(5,927)
Deconsolidation	29	–	(3,882)
Reclassified to assets held for sale	12	–	(2,188)
Reversal of fair value previously recognised upon disposal		(1,348)	(952)
Currency translation differences		(224)	(212)
At 31 December		13,949	8,565

The following amounts are recognised in profit or loss:

	Group	
	2016	**2015**
	US$'000	US$'000
Rental income	186	121
Direct operating expenses arising from:		
- Investment properties that generated rental income	116	25
- Investment properties that did not generate rental income	7	723

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5. Investment properties (cont'd)

Further particulars of the Group's investment properties are detailed below:

Location	Use	Tenure	Unexpired lease term
Rooms 712-715, 7/F, China Shine Plaza, 9 Lin He Xi Road, Tianhe District, Guangzhou, PRC (1)	Offices	Leasehold	39 years
1-23-12 Otowa, Bunkyo-ku, Tokyo, Japan (2)	Residential	Freehold	–
1-7-13 ShimoOchiai, Shinjuku-ku, Tokyo, Japan (3)	Residential	Freehold	–
1-12-7 Koenji-minami, Suginami-ku, Tokyo (4)	Residential	Freehold	–
4-40 Kamiuma, Setagaya-ku, Tokyo (5)	Residential	Freehold	–
4-36-5 Hakusan, Bunkyo-ku, Tokyo (6)	Residential	Freehold	–

(1) The Group uses management's valuation in the fair valuation of the investment property. Discounted cash flow method is used which makes reference to the estimated or actual market rental values and equivalent yields.

(2) The Group uses management's valuation in the fair valuation of the investment property. Capitalisation rate method is used which makes reference to the gross capitalisation rates of similar investment properties in the market. This investment property amounting to $4.3 million (2015: $2.2 million) is mortgaged to secure bank borrowing of $2.6 million (2015: $1.6 million) (Note 16).

(3) The Group uses management's valuation in the fair valuation of the investment property. Capitalisation rate method is used which makes reference to the gross capitalisation rates of similar investment properties in the market. This investment property amounting to $3.8 million (2015: $2.0 million) is mortgaged to secure bank borrowing of $2.5 million (2015: $1.2 million) (Note 16).

(4) The Group uses management's valuation in the fair valuation of the investment property. Capitalisation rate method is used which makes reference to the gross capitalisation rates of similar investment properties in the market. This investment property amounting to US$3.9 million is mortgaged to secure bank borrowing of US$2.9 million (Note 16).

(5) The investment property is stated at fair value which is the acquisition price as the acquisition was made close to end of the financial year.

(6) The investment property is stated at fair value which is the acquisition price as the acquisition was made close to end of the financial year.

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6. Investments

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Non-current				
Financial assets at fair value through profit or loss:				
Unlisted shares				
- Shipping	15,710	18,293	15,607	18,193
- Hotel	988	786	–	–
- Residential	24	15	–	–
- Office property	21,440	15,833	–	–
- Small residential property developments	2,996	6,022	–	–
Unlisted performance notes				
- Shipping	3,955	5,997	3,955	5,997
	45,113	46,946	19,562	24,190
Current				
Financial assets at fair value through profit or loss:				
Unlisted shares				
- Hotel	–	13	–	–
Listed shares				
- Others	2,402	14	–	–
	2,402	27	–	–

Fair values of listed shares are based on bid price at the end of the reporting period. Fair value for unlisted shares, unlisted performance notes and unlisted bond are further explained in Note 31.

Shipping performance notes are redeemable semi-annually, in whole or in part, based on the net cash inflow from the operation or the disposal of underlying assets. There is no maturity date for the shipping performance notes invested by the Group.

There is no significant restriction on the ability of investments to transfer funds to the Group in the form of cash dividends, repayment of loans or advances.

At 31 December 2016, the Company has pledged the interest in share capital of investments as follows:

(a) US$6.5 million (2015: US$6.5 million) as security for investees' bank loans; and

(b) US$Nil (2015: US$0.6 million) as security for investee's bank loan for purchase of a vessel.

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For the financial year ended 31 December 2016

6. Investments (cont'd)

Investment in joint ventures

The Group has investments in joint venture in the form of investments in unlisted shares.

Aggregate information about the Group's investments in joint ventures that are not individually material is as follows:

	2016 US$'000	2015 US$'000
Loss after tax	(9,425)	(1,941)
Other comprehensive loss	(881)	(1,662)
Total comprehensive loss	(10,306)	(3,603)

The Group's commitments in respect of its investment in joint ventures are disclosed in Note 32(e).

7. Intangible assets

Group	Goodwill US$'000	Other Intangible assets US$'000	Total US$'000
Cost			
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	67	6	73
Accumulated amortisation and impairment			
At 1 January 2015	–	4	4
Amortisation	–	1	1
Currency translation differences	–	(1)	(1)
At 31 December 2015 and at 1 January 2016	–	4	4
Amortisation	–	1	1
Impairment loss	67	–	67
At 31 December 2016	67	5	72
Net book value			
At 31 December 2015	67	2	69
At 31 December 2016	–	1	1

Impairment testing of goodwill

Management believes that the carrying amount of the goodwill exceeds its recoverable amount significantly. The Group recognised full impairment of US$67,000 during the financial year.

8. Property, plant and equipment

Group	Hotel properties	Vessels	Office equipment, furniture and fixtures	Total
	US$'000	US$'000	US$'000	US$'000
Cost				
At 1 January 2015	7,858	139,411	1,458	148,727
Additions	63	74,948	57	75,068
Transfer from deposits for purchase of vessels	–	11,702	–	11,702
Reclassified to assets held for sale	–	(20,272)	–	(20,272)
Transfer	35	–	(35)	–
Deconsolidation of a consolidated entity	–	(18,579)	–	(18,579)
Disposals	–	–	(244)	(244)
Written-off	–	–	(72)	(72)
Currency translation differences	(48)	–	(7)	(55)
At 31 December 2015 and at 1 January 2016	7,873	187,210	1,192	196,275
Additions	22	18,605	70	18,697
Transfer from deposits for purchase of vessels	–	6,846	–	6,846
Acquisition of a subsidiary	–	17,028	–	17,028
Disposals	–	–	(63)	(63)
Written-off	–	(2,361)	(44)	(2,405)
Currency translation differences	225	–	(1)	224
At 31 December 2016	8,120	227,328	1,154	236,602

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8. Property, plant and equipment (cont'd)

Group	Hotel properties	Vessels	Office equipment, furniture and fixtures	Total
	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation and impairment				
At 1 January 2015	1,061	16,539	683	18,283
Charge for the year	197	9,193	243	9,633
Reclassified to assets held for sale	–	(4,432)	–	(4,432)
Disposals	–	–	(244)	(244)
Impairment	–	1,400	–	1,400
Written-off	–	–	(69)	(69)
Currency translation differences	(6)	–	(5)	(11)
At 31 December 2015 and at 1 January 2016	1,252	22,700	608	24,560
Charge for the year	235	10,171	241	10,647
Disposals	–	–	(60)	(60)
Impairment	–	8,590	–	8,590
Written-off	–	(2,361)	(44)	(2,405)
Currency translation differences	21	–	(5)	16
At 31 December 2016	1,508	39,100	740	41,348
Net book value				
At 31 December 2015	6,621	164,510	584	171,715
At 31 December 2016	6,612	188,228	414	195,254

Land and buildings included in the hotel properties are freehold.

(a) ***Assets pledged as security***

As at 31 December 2016, the Group's hotel property with a carrying amount of US$6.3 million (2015: US$6.3 million) was pledged to secure the Group's bank borrowings of US$3.5 million (2015: US$3.6 million) (Note 16).

As at 31 December 2016, the Group's vessels amounting to US$188.2 million (2015: US$164.5 million) were pledged to secure the Group's bank borrowings of US$125.6 million (2015: US$120.2 million) (Note 16).

8. Property, plant and equipment (cont'd)

(b) *Impairment of assets*

During the financial year, an impairment loss of US$8.6 million (2015: US$1.4 million), representing the write-down of three vessels to their recoverable amount were recognised as "Impairment of property, plant and equipment" line item in profit or loss and under the reportable segment of Ship Owning and Chartering. The recoverable amount of the vessels were based on its value in use and the pre-tax discount rate used was 5.6% (2015: 5.4%).

If the discount rate used in the valuation had been 1% higher than management's estimate, the carrying amount of the impaired vessel would have been US$3.7 million (2015: US$0.8 million) lower.

Company	**Office equipment, furniture and fixtures**
	US$'000
Cost	
At 1 January 2015	706
Additions	7
Disposals	(5)
At 31 December 2015 and at 1 January 2016	708
Additions	50
Disposals	(52)
Written off	(41)
At 31 December 2016	665
Accumulated depreciation	
At 1 January 2015	145
Charge for the year	160
Disposals	(5)
At 31 December 2015 and at 1 January 2016	300
Charge for the year	162
Disposals	(50)
Written off	(41)
At 31 December 2016	371
Net book value	
At 31 December 2015	408
At 31 December 2016	294

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9. Loans receivable

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Non-current				
Fixed interest rate at 5% per annum	2,050	5,050	2,050	2,050
	2,050	5,050	2,050	2,050
Current				
Interest free	6,983	200	400	200

The Group's loans receivable balance are receivables from related parties as disclosed in Note 33(a).

10. Derivative financial instruments

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Non-current				
Financial assets at fair value through other comprehensive income:				
Cash flow hedge				
Interest rate swaps [(a)]	329	57	588	57
Financial assets at fair value through profit or loss:				
Derivatives not designated as hedge				
Interest rate swap	–	60	–	474
	329	117	588	531
Financial liabilities at fair value through other comprehensive income:				
Cash flow hedge				
Interest rate swap [(a)]	(258)	–	(588)	(57)
Financial liabilities at fair value through profit or loss:				
Derivatives not designated as hedge				
Interest rate swap	–	(414)	–	(474)
	(258)	(414)	(588)	(531)

10. Derivative financial instruments (cont'd)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	US$'000	US$'000	US$'000
Current				
Financial assets at fair value through other comprehensive income:				
Cash flow hedge				
Interest rate swaps [(a)]	17	–	357	70
Financial assets at fair value through profit or loss:				
Derivatives not designated as hedge				
Interest rate swaps	–	–	–	370
	17	–	357	440
Financial liabilities at fair value through other comprehensive income:				
Cash flow hedge				
Interest rate swaps [(a)]	(340)	(71)	(357)	(71)
Financial liabilities at fair value through profit or loss:				
Derivatives not designated as hedge				
Interest rate swaps	–	(401)	–	(370)
Forward currency contracts	–	(12)	–	–
	(340)	(484)	(357)	(441)

(a) ***Cash flow hedge***

At 31 December 2016, the Group has interest rate swaps to hedge the interest rate risk of bank borrowings.

The interest rate swaps receive floating interest, pay fixed interest and mature between 2018 and 2021.

The terms and the payment dates of the interest rate swaps have been negotiated to match the terms of the bank borrowings. There were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in profit or loss. The cash flow hedge of the expected future interest payment of bank borrowings was assessed to be highly effective.

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10. Derivative financial instruments (cont'd)

(a) *Cash flow hedge (cont'd)*

Below is a schedule indicating as at 31 December, the periods when the hedged forecast cash flows are expected to occur and when they are expected to affect profit or loss:

	Less than 1 year	1 year to 5 years
	US$'000	US$'000
2016		
Net cash (outflows)/inflows	(342)	79
2015		
Net cash (outflows)/inflows	(73)	59

The movements of hedging reserve during the years were as follows:

	2016	2015
	US$'000	US$'000
At 1 January	(14)	8
Gain/(loss) recognised in other comprehensive income during the year	367	(22)
At 31 December	353	(14)

11. Accounts receivable

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Non-current				
Accounts receivable	621	–	–	–
Current				
Accounts receivable	3,810	3,940	76	65
Provision for impairment	–	(129)	–	–
	3,810	3,811	76	65

In general, the Group normally grants a credit period of 30 days to its customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

11. Accounts receivable (cont'd)

An aged analysis of the accounts receivable as at the end of the reporting period that past due but not impaired is as follows:

	2016	2015
	US$'000	US$'000
31 days to 60 days	7	6
Over 61 days	90	115
	97	121

The movements in the provision for impairment of accounts receivable are as follows:

	Note	2016	2015
		US$'000	US$'000
At 1 January		(129)	(70)
Reversal of provision/(provision for)	23	109	(61)
Provision written off		21	–
Currency translation differences		(1)	2
At 31 December		–	(129)

The impairment of accounts receivable is individually determined to be impaired. The individually impaired accounts receivable relates to customers that were in financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

Included in the Group's accounts receivable balance are receivables from related parties as disclosed in Note 33(a).

12. Assets held for sale

Group	Note	2016	2015
		US$'000	US$'000
At 1 January		18,028	–
Reclassified from investment property [(1)]	5	–	2,188
Reclassified from property, plant and equipment [(2)]	8	–	15,840
Disposal		(17,668)	–
Reversal of fair value previously recognised upon disposal		(372)	–
Currency translation differences		12	–
At 31 December		–	18,028

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12. Assets held for sale (cont'd)

(1) On 18 December 2015, a consolidated entity of the group, GK Alero 17 has entered into a sales and purchase agreement with a third party in respect of the sale of its land located at 2-6-16, Higashi Nakano, Nakano-ku, Tokyo, Japan for a cash consideration of JPY269 million. The aforesaid transaction was subsequently completed on 15 February 2016.

Accordingly, the property had been reclassified from investment property to assets held for sale as at 31 December 2015.

(2) On 9 December 2015, a subsidiary of the group, Karat Bulkship S.A has entered into a sales and leaseback agreement with a third party in respect of the sales of the subsidiary's vessel for a cash consideration of US$16 million. The aforesaid transaction was subsequently completed on 29 January 2016.

Accordingly, the vessel had been reclassified from property plant and equipment to assets held for sale as at 31 December 2015.

13. Deposits pledged as collateral

As at 31 December 2016, the Group and the Company had deposits pledged as collateral against Japanese yen ("JPY" or "¥") and USD denominated bank loan facilities. The aggregate amounts of certain deposits pledged shall not at any time be less than 110% of the outstanding amounts under the revolving JPY loan facilities and certain deposits pledged shall be subject to 90% loan to value ratio (Note 16).

14. Cash and bank balances

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	US$'000	US$'000	US$'000
Cash at banks and in hand	22,679	14,885	3,040	2,103
Short-term time deposits	12,873	15,449	5,660	5,948
Cash and cash equivalents	35,552	30,334	8,700	8,051

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one month and one year depending on the immediate cash requirements of the Group and the Company and earn interest at the respective short-term time deposit rates.

15. Share capital and share premium

	Number of shares		Share capital		Share premium	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	'000	'000	US$'000	US$'000	US$'000	US$'000
Authorised:						
At 1 January	75,000	750,000	120,000	120,000	–	–
Share consolidation	–	(675,000)	–	–	–	–
At 31 December	75,000	75,000	120,000	120,000	–	–
Issued and fully paid:						
At 1 January	46,979	469,793	75,167	75,167	31,319	31,319
Share consolidation	–	(422,814)	–	–	–	–
At 31 December	46,979	46,979	75,167	75,167	31,319	31,319

The Company had undertaken a share consolidation of every 10 ordinary shares into one consolidated share in the issued share capital of the Company which was effective on 4 June 2015.

16. Borrowings

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	US$'000	US$'000	US$'000
Non-current				
Repayable per terms of loan facilities:				
- Secured	118,076	104,905	–	–
- Unsecured	13,049	4,937	8,700	1,966
	131,125	109,842	8,700	1,966
Current				
Repayable per terms of loan facilities:				
- Secured	28,184	35,143	2,138	5,224
- Unsecured	26,107	19,381	13,934	7,261
	54,291	54,524	16,072	12,485

The effective annual interest rates of the bank borrowings range from approximately 0.9% to 5.0% (2015: approximately 0.9% to 5.0%).

The Group's borrowings are secured by means of cash deposits (Note 13), investment properties (Note 5) and property, plant and equipment (Note 8).

Included in the Group's borrowings are payable to related parties as disclosed in Note 33(a).

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17. Provision for onerous contract

Group	**Onerous contract**
	US$'000
At 1 January 2015 and 31 December 2015	–
Arising during the year	3,475
At 31 December 2016	3,475

	2016
	US$'000
Non-current	2,140
Current	1,335

A provision is recognised for one of the vessels' charter agreement as the aggregate cost required to fulfill the obligation is higher than the economic benefit to be obtained from it. The provision is calculated based on cashflow projection of the vessel's earning.

18. Accounts payable

The accounts payable are non-interest-bearing and are normally settled on 30 days' terms.

Included in the Group's account payable are payable to a related party as disclosed in Note 33(a).

19. Fee income

	2016	**2015**
	US$'000	US$'000
Arrangement and agency fee	2,355	4,652
Asset management and administration fee	2,237	2,384
Incentive fee	824	97
Brokerage commission	408	663
	5,824	7,796

20. Investment returns

	Note	2016 US$'000	2015 US$'000
Interest on bond		–	2
Realised gain on investment property		1,502	3,352
Realised gain/(loss) on investments:			
- Shipping		220	486
- Hotel and residential		(17)	1,656
- Small residential property developments	33(a)	4,548	810
- Distressed asset		122	900
- Listed shares		–	478
Property rental income		186	121
Fair value adjustment on investment properties		(1,720)	(952)
Fair value adjustment on investments:			
- Shipping		(7,073)	(3,152)
- Hotel and residential		18	541
- Small residential property developments		332	(552)
- Office property		5,609	995
- Listed shares		52	(400)
Net loss on derivative financial instruments		(1,645)	(324)
		2,134	3,961

21. Interest income and expense

	2016 US$'000	2015 US$'000
Interest income from:		
- Cash and cash equivalents	115	101
- Bridging loans	112	398
- Finance lease	496	219
	723	718
Interest expense on:		
- Borrowings	5,079	3,821

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22. Employee benefits expenses

	2016	2015
	US$'000	US$'000
Salaries and benefits	14,559	12,687
Pension scheme contributions	226	156
Share based compensation	(32)	32
	14,753	12,875

Uni-Asia Performance Share Plan ("PSP")

Uni-Asia Performance Share Plan ("PSP") is a share-based incentive plan for senior executives and key senior management which was approved by shareholders of the Company at an Extraordinary General Meeting on 29 April 2015. Under the PSP, awards of fully-paid ordinary shares in the capital of the Company either in the form of existing shares held as treasury shares or new shares issued will be delivered free of charge, to selected employees of the Group. The aggregate number of shares which may be delivered under the PSP shall not exceed 15% of the total issued shares of the Company (excluding treasury shares) from time to time. Further details on the PSP are set out in the circular to shareholders dated 7 April 2015 issued by the Company. For the initial awards granted on 2 November 2015, the finals number of PSP shares to be awarded is up to a maximum of 880,000 shares with vesting date on 31 December 2016. These initial PSP awards are based on achieving a financial target (ROE) rather than a target based on market conditions, i.e. a particular share price. As such, the following method is used to assess the required expenses.

The total value is determined at the date of award. This is calculated from:

- The probability that performance targets will be met;
- The share price at the date of award (S$1.22); and
- An adjustment for prospective dividends.

The total value is then accrued over the period from the date of award to the vesting date (i.e. 31 December 2016). If the performance target is met, the additional cost of awards must then be recognised based on the nominal value at the date of award. If the performance target is not met, then the accrued expenses will be reversed. As at the vesting date, the performance target was not met. Total expenses previously recognised relating to the PSP amounted to US$32,000 was reversed for the year 2016 (2015: Total expenses recognised relating to the PSP amounted to US$32,000).

23. Other expenses

The following items have been included in arriving at other expenses:

	Note	2016 US$'000	2015 US$'000
Operating lease expenses		1,028	945
Investment properties operating expenses		147	70
(Reversal of provision)/provision for accounts receivable	11	(109)	61
Business development expenses		952	1,015
Professional services fees		1,604	1,585
Audit fee paid to auditors of the Group		417	386
Audit fee paid to other auditors		9	5
Non-audit fee paid to auditors of the Group		4	8
Non-audit fee paid to other auditors		6	1
Tax and public dues		127	458
Miscellaneous		641	608
		4,826	5,142

24. Income tax

The Group's taxes on assessable profits have been calculated at tax rates prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(a) ***Income tax***

	Note	2016 US$'000	2015 US$'000
Current income tax		761	387
Deferred tax	24(b)	(13)	(7)
Total tax expense for the year		748	380

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24. Income tax (cont'd)

(a) ***Income tax (cont'd)***

A reconciliation between tax expense of the Group applicable to profit before tax using applicable rates and the tax expense for the year is as follows:

	Note	2016 US$'000	2015 US$'000
(Loss)/profit before tax		(11,480)	3,900
Tax at domestic rates applicable to individual group entities		(1,312)	1,432
Tax effects of:			
Expenses not deductible for the tax purposes		9,062	6,295
Income not subject to tax		(6,285)	(6,032)
Utilisation of previously unrecognised tax losses		(1,557)	(1,352)
Deferred tax on disposal of investment properties	24(b)	(324)	–
Deferred tax assets not recognised		935	–
Partial tax exemption and tax relief		–	(11)
Underprovision in respect of prior years		239	27
Others		(10)	21
Tax expense for the year		748	380

(b) ***Deferred tax***

The movements in deferred tax assets during the years were as follows:

	Note	Provision US$'000
At 1 January 2015		26
Credited to income tax expense for the year	24(a)	7
At 31 December 2015 and at 1 January 2016		33
Credited to income tax expense for the year	24(a)	13
At 31 December 2016		46

24. Income tax (cont'd)

(b) ***Deferred tax (cont'd)***

The movements in deferred tax liabilities during the years were as follows:

	Note	Provision
		US$'000
At 1 January 2015		(1,293)
Currency translation differences		57
At 31 December 2015 and at 1 January 2016		(1,236)
Reversal of income tax expense previously charged*	24(a)	324
Reversal of other expenses previously charged		355
Currency translation differences		53
At 31 December 2016		(504)

* In relation to capital gain tax upon disposal of investment properties.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US$34.0 million (2015: US$27.2 million) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Included in the tax losses of approximately US$34.0 million (2015: US$27.2 million), the tax losses generally have no expiry date except for an amount of US$14.0 million (2015: US$12.7 million) which will expire between 2017 and 2023 (2015: 2017 – 2023).

Unrecognised temporary differences relating to investments in subsidiaries and joint venture

At the end of the reporting period, no deferred tax liability (2015: US$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and joint venture as the timing and amount of earnings to be distributed by the Group's subsidiaries and joint venture is at the discretion of the Group and has yet to be determined.

25. Dividends

A dividend of S$2.9 million (SG cents 6.25 per ordinary share) was paid in 2016 for financial year ended 31 December 2015. Subsequent to 31 December 2016, the directors of the Company proposed a dividend of SG cents 3.00 per ordinary share totalling S$1.4 million to be paid in respect of the year ended 31 December 2016. This dividend is subject to approval by shareholders at the Annual General Meeting ("AGM") and has not been included as a liability in the financial statements.

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26. Profit per share

Basic and diluted profit per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year. The Company did not hold any potential dilutive ordinary shares during the financial year (2015: Nil).

The following table reflects the profit and share data used in computation of basic and diluted profit per share for the financial year ended 31 December 2016 and 2015.

	2016	2015
(Loss)/profit attributable to owners of the parent (US$'000)	(14,166)	2,696
Weighted average number of ordinary shares in issue ('000)	46,979	46,979
(Loss)/profit per share (US cents per share) - basic and diluted	(30.15)	5.74

27. Reserves

(a) ***Hedging reserve***

Hedging reserve represents the gains or losses of the cash flow hedge of derivative financial instruments until the hedged financial income or financial expense is recognised or when a forecast event occurs.

(b) ***Exchange reserve***

Exchange reserve represents exchange differences arising from translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) ***Share based compensation reserve***

Share based compensation reserve represents the equity-settled Performance Share Plan granted to employees (Note 22). The reserve is made up of the cumulative value of service received from employees recorded over the performance period commencing from the grant date of awards to the vesting date of the awards, and is reduced by the expiry, cancellation and settlement of the awards where applicable.

(d) ***Capital reserve***

Capital reserve arose as a result of changes in the ownership interests of subsidiaries that do not result in a loss of control and were accounted for as equity transactions.

28. Investments in subsidiaries

	Company 2016 US$'000	Company 2015 US$'000
Unlisted shares, at cost	76,449	76,155
Provision for impairment	(3,600)	(10,600)
	72,849	65,555

(a) ***Details of principal investments in subsidiaries***

Details of the principal subsidiaries within the Group as at 31 December 2016 and 2015 were as follows:

Name	Note	Country/ place of incorporation	Proportion of ownership interest 2016 %	Proportion of ownership interest 2015 %	Principal activities and place of operation
Directly held:					
Uni-Asia Shipping Limited	(ii)	Hong Kong	100.00	100.00	Ship investment holding, Hong Kong
Uni-Asia Hotels Limited	(ii)	Hong Kong	99.00	100.00	Investment holding, Hong Kong
Uni-Asia Capital Company Limited	(ii)	Hong Kong	100.00	100.00	Property investment, Hong Kong
Uni Ships and Management Limited	(ii)	Hong Kong	100.00	100.00	Project management, accounting and administration services, Hong Kong
Uni-Asia Investments Ltd	(vi)	Japan	99.50	99.50	Property investment, Japan
Uni-Asia Capital (Japan) Ltd	(vi)	Japan	100.00	100.00	Investment advisory and asset management, Japan
Florida Containership S.A.	(ii)	Panama	100.00	100.00	Ship owning and chartering, Panama
Joule Asset Management (Pte.) Limited	(iii)	Singapore	100.00	50.00	Ship owning and chartering, Singapore

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28. Investments in subsidiaries (cont'd)

(a) *Details of principal investments in subsidiaries (cont'd)*

Name	Note	Country/ place of incorporation	Proportion of ownership interest 2016 %	2015 %	Principal activities and place of operation
Indirectly held:					
Hope Bulkship S.A.	(ii)	Panama	83.00	83.00	Ship owning and chartering, Panama
Imperial Bulkship S.A.	(ii)	Panama	100.00	100.00	Ship owning and chartering, Panama
Jade Bulkship S.A.	(ii)	Panama	100.00	100.00	Ship owning and chartering, Panama
Karat Bulkship S.A.	(ii)	Panama	100.00	100.00	Ship owning and chartering, Panama
Luna Bulkship S.A.	(ii)	Panama	100.00	100.00	Ship owning and chartering, Panama
Jubilee Bulkship S.A.	(ii)	Panama	100.00	100.00	Ship owning and chartering, Panama
Mable Bulkship S.A.	(ii)	Panama	100.00	100.00	Ship owning and chartering, Panama
Nora Bulkship S.A.	(ii)	Panama	100.00	100.00	Ship owning and chartering, Panama
Regina Bulkship S.A.	(ii)	Panama	51.00	51.00	Ship owning and chartering, Panama
Uni Ships and Management (Taiwan) Limited	(vi)	Taiwan	100.00	100.00	Promoting ship-related services, Taiwan
Uni Ships and Management Korea Ltd.	(vi)	South Korea	100.00	100.00	Promoting ship-related services, South Korea
Wealth Ocean Ship Management (Shanghai) Co., Ltd	(iv)	People's Republic of China	51.00	51.00	Ship management, China
Uni-Asia Guangzhou Property Management Company Limited	(v)	People's Republic of China	100.00	100.00	Property investment, China
United Wise Capital Investment Limited	(ii)	Hong Kong	69.57	69.57	Property investment, Hong Kong

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28. Investments in subsidiaries (cont'd)

(a) ***Details of principal investments in subsidiaries (cont'd)***

Name	Note	Country/ place of incorporation	Proportion of ownership interest 2016 %	2015 %	Principal activities and place of operation
Indirectly held: (cont'd)					
Vista Hotel Management Co., Ltd	(vi)	Japan	99.00	100.00	Hotel management and operator, Japan
Sun Vista Naha Co., Ltd.	(vi)	Japan	99.00	100.00	Hotel management and operator, Japan
Arena Godo Kaisha	(vi)	Japan	99.54	99.54	Ship owning and chartering, Japan

Notes

(i) Audited by Ernst & Young LLP, Singapore;
(ii) Audited by Ernst & Young, Hong Kong;
(iii) Audited by RT LLP, Singapore;
(iv) Audited by上海光华会计师事务所, PRC;
(v) Audited by广州正大中信会计师事务所, PRC; and
(vi) Not required to be audited under the laws of the country of incorporation.

The table in the previous page lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Compliance with Rule 1207(6) of the SGX-ST Listing Manual

In appointing the audit firms for the Group, the Audit Committee and the Board of Directors of the Company are satisfied that the Group has complied with Listing Rules 712, 715 and 716.

(b) On 30 March 2016, the Group increased its shareholding interest in Joule Asset Management (Pte.) Limited from 50% to 100% for a consideration of US$250,000.

(c) In December 2016, the Group disposed of a shareholding interest of 1% in Uni-Asia Hotels Limited ("UAH"). Following the disposal, the Group's shareholding interest in UAH, as well as the Group's effective shareholding interest in the subsidiaries of UAH, has been reduced from 100% to 99%. UAH owns 100% of Vista Hotel Management Co. Ltd, which in turn owns 100% of Sun Vista Naha Co. Ltd.

(d) The amounts due from subsidiaries are unsecured, interest-free and have no fixed term of repayment.

(e) The loans to subsidiaries are unsecured, interest-free or interest bearing at rates from 0.5% to 1.8% (2015: 1.0% to 2.5%) and have fixed terms of repayment or repayable on demand.

(f) Corporate guarantees provided to banks/lenders for loans to subsidiaries amounted to US$137.9 million (2015: US$128.5 million).

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29. Acquisitions and deconsolidation of consolidated entities

On 31 March 2016, the group increased its interest in Joule Asset Management Pte Limited ("Joule") from 50% to 100% though acquisition of the outstanding shares. As a result, the Group acquired control over Joule and consolidated during the financial year.

The fair values of the identifiable assets and liabilities of Joule as at the date of acquisition were:

	2016
	US$'000
Property, plant and equipment	17,028
Prepayments, deposits and other receivables	248
Cash and bank balances	251
Borrowings	(16,005)
Accounts payable	(11)
Amounts due to subsidiaries	(21)
Other payables and accruals	(182)
Total identifiable net assets at fair value	1,308
Negative goodwill arising on the acquisition	(975)
	333
Consideration transferred for the acquisition:	
Purchase consideration paid	250
Fair value of equity interest in Joule held by the Group immediately before the acquisition	83
	333
Net cash flow arising from consolidation:	
Cash consideration received	251
Purchase consideration paid	(250)
	1

The negative goodwill arising on the acquisition of US$975,000 was mainly resulted from an irrevocable loan waiver of US$1,705,000 undertaken by the ex-joint owner of Joule.

From the date of acquisition, Joule contributed US$2.1 million of revenue and US$0.1 million of profit before tax to the Group.

29. Acquisitions and deconsolidation of consolidated entities (cont'd)

In 2015, the Group invested in a new subsidiary, Fortuna Containership S.A. ("Fortuna") and subsequently entered into a shareholders' agreement with a third party that resulted in dilution of its investment from 100% to 50% and hence Fortuna was deconsolidated during the year.

In 2015, the Group also invested in a new consolidated entity, GK Alero 14 and subsequently entered into a sales agreement with a related company to dispose the investment in GK Alero 14.

In 2016, the Group entered into a sales agreement with a related company to dispose the investment in GK Alero 8 and GK Alero 17.

The value of assets and liabilities of these consolidated entities recorded in the consolidated financial statements as at date of disposal, and the effects of the disposal were:

	Note	2016	2015
		US$'000	US$'000
Investment property	5	–	3,882
Property, plant and equipment	8	–	18,579
Accounts receivable		–	102
Prepayments, deposits and other receivables		–	504
Cash and bank balances		2,275	595
Borrowings		–	(19,779)
Due to Tokumei Kumiai investors		(10)	–
Accounts payable		–	(158)
Amounts due to subsidiaries		(40)	(55)
Other payables and accruals		(2)	(65)
Net identifiable assets derecognised		2,223	3,605
Cash received		1,259	2,650
Fair value of retained interest		–	1,023
Cumulated exchange differences in respect of the net assets of a consolidated entity reclassified from equity on deconsolidation		110	(25)
		1,369	3,648
Loss/(gain) on deconsolidation of consolidated entities		854	(43)
Net cash flow arising from deconsolidation:			
Cash consideration		1,259	2,650
Cash and bank balance disposed of		(2,275)	(595)
		(1,016)	2,055

The loss/(gain) on deconsolidation of consolidated entities of US$854,000 (2015: US$43,000) was included in realised loss/(gain) on investments in profit or loss.

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30. Financial risk management

The Group is exposed to market risk (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk from its finance arrangement and alternative investment management activities in shipping and real estate in Japan, Hong Kong and China. The Group also has mismatched JPY, Hong Kong dollars ("HKD" or "HK$") and Renminbi ("RMB") denominated assets and liabilities.

It is the management's intention to wherever possible hedge investments that are not denominated in USD. All hedging transactions are subject to Management Committee's approval and review.

Forward rate agreements and interest rate swap are used to manage the Group's own exposures to foreign exchange and interest rate risks as part of its asset and liability management process. The Group uses financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures. Financial instruments currently traded or held include cash and cash equivalents, investments, loans and receivables, accounts payable and borrowings.

(a) *Market risk*

Market risk is the risk that the value of a financial instrument and investments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or factors affecting all financial instruments traded in or indexed to a market. The Group is exposed to market risk on financial instruments and investments that are valued at market prices which primarily consist of investments in shipping, properties and hotels, loans and marketable securities.

(i) *Foreign currency risk*

Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations when the future commercial transaction or recognised assets or liabilities are denominated in a currency other than the entity's functional currency. The Group's foreign exchange exposures give rise to market risk associated with exchange rate movements against the USD, the Group's functional and reporting currency.

The Group has certain investments including investments made in the form of loans in Japan, Hong Kong and China, whose net assets or capital value are exposed to foreign currency risk. The Group's investments are currently not hedged. The Group may use forward currency contracts to hedge its foreign currency loan exposure.

The Group has regional offices and presence in Hong Kong, Singapore, Japan, China and Taiwan. The Group's income is denominated mostly in USD and JPY while its operating expenses are mainly denominated in HKD, USD, Singapore dollars ("SGD" or "S$") and JPY.

30. Financial risk management (cont'd)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

The table below summarises the Group's major exposure to foreign currency risk:

(Amounts shown are in US$'000 equivalent)

2016	**JPY**	**HKD**	**Others**
Financial assets			
Investments	1,716	26,233	4
Loans receivable	–	6,583	–
Rental deposit	3,150	–	–
Finance lease receivable	8,036	–	–
Accounts receivable	2,854	63	276
Financial assets included in prepayments, deposits and other receivables	122	197	102
Deposits pledged as collateral	–	–	1,870
Cash and bank balances	11,797	303	2,127
	27,675	33,379	4,379
Financial liabilities			
Borrowings	(26,728)	(13,546)	–
Due to Tokumei Kumiai investors	(1,007)	–	–
Accounts payable	(2,355)	–	–
Financial liabilities included in other payables and accruals	(2,809)	(335)	(377)
	(32,899)	(13,881)	(377)
Net financial (liabilities)/ assets	(5,224)	19,498	4,002

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30. Financial risk management (cont'd)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

(Amounts shown are in US$'000 equivalent)

2015	**JPY**	**HKD**	**Others**
Financial assets			
Investments	4,534	18,235	14
Rental deposit	2,445	–	–
Finance lease receivable	8,091	–	–
Accounts receivable	2,386	50	–
Financial assets included in prepayments, deposits and other receivables	171	191	119
Deposits pledged as collateral	–	–	2,002
Cash and bank balances	13,205	512	568
	30,832	18,988	2,703
Financial liabilities			
Borrowings	(22,870)	(7,028)	–
Due to Tokumei Kumiai investors	(603)	–	–
Accounts payable	(2,120)	–	(5)
Financial liabilities included in other payables and accruals	(2,056)	(385)	(406)
	(27,649)	(7,413)	(411)
Net financial assets	3,183	11,575	2,292

30. Financial risk management (cont'd)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

Assuming a 5% change in USD against the JPY and HKD with all other variables being held constant, the effects arising from the net financial asset/(liability) position will be as follows:

	Profit before tax	
	2016	**2015**
	US$'000	US$'000
USD against JPY:		
- Strengthened	249	(152)
- Weakened	(249)	152
USD against HKD:		
- Strengthened	(928)	(551)
- Weakened	928	551

(ii) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate from changes in market interest rates and the cash flow risks associated with the variability of cash flows from floating rate financial instruments. The Group is exposed to interest rate risk from interest rate re-pricing differences between customers' loans, borrowings, cash and cash equivalents and shareholders' capital.

The Group's cash balances are kept in interest bearing current accounts and on term deposits to maximise the level of return while maintaining an adequate level of liquidity. The Group's borrowings at variable rates are denominated in USD and JPY.

The Group may manage its interest rate risk through the use of interest rate swaps. These are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (e.g., fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps).

As at 31 December 2016, if USD market interest rates had been 100 basis point higher/lower with other variables held constant, profit/(loss) before tax for the year would have been US$1,169,000 (2015: US$1,092,000) lower/higher, mainly as a result of higher/lower net interest expense incurred on floating rate financial instruments.

As at 31 December 2016, if JPY market interest rates had been 40 basis point higher/lower with other variables held constant, profit/(loss) before tax for the year would have been US$48,000 (2015: US$20,000) lower/higher, mainly as a result of higher/lower net interest expense incurred on floating rate financial instruments.

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30. Financial risk management (cont'd)

(a) *Market risk (cont'd)*

(iii) *Price risk*

The Group is exposed to price risk on the shipping, hotel and property investments because the investments are classified on the balance sheets at fair value through profit or loss or at the lower of carrying values or recoverable amount. The Group seeks to manage such risk exposure by keeping a balanced portfolio, performing due diligence procedures, conducting routine analysis and updates on the market and investing through specialised fund structures. The Group maintains a diversified investment portfolio in shipping, hotel, residential, office, industrial properties and other alternative asset classes.

In respect to the investments in shipping entities or fund representing 32% (2015: 42%) of the Group's total investment portfolio, assuming prices for ships change by 1% across the board with all other variables including tax rate being held constant, the effect on the Group's investment portfolio would be US$0.6 million (2015: US$0.9 million).

In respect to the investments in entities holding small residential property development in Japan representing 25% (2015: 22%) of the Group's total investment portfolio, assuming prices of small residential property developments in Japan changed by 1% with all other variables being held constant, the effect on the Group's investment portfolio would be US$0.1 million (2015: US$0.1 million).

In respect to the investments in an entity holding the office property development in Hong Kong representing 35% (2015: 27%) of the Group's total investment portfolio, assuming prices of office property development in Hong Kong changed by 1% with all others variables being held constant, the effect on the Group's investment portfolio would be US$0.2 million (2015: US$0.2 million).

For the remaining investments in a real estate entity in China, specialised funds structures holding hotels and residential properties and listed shares representing 8% (2015: 9%) of the Group's total investment portfolio, in most case, the Group is limited to a negative fair value loss equivalent to the initial investment amount.

(b) *Credit risk*

Credit risk is the risk of loss resulting from the failure of counterparties to meet the terms of their obligations under a financial instrument or customer contract. The Group is exposed to credit risk from accounts receivable and loans receivable, deposits with banks and financial institutions, foreign exchange transactions, other financial instruments and counterparty default risk from investing activities. The Group seeks to minimise these risks by performing detailed reviews of loan counterparties or asset issuers and by either selling on participated loans to other parties or entering into offsetting loans payable when management wishes to preserve the Group's liquidity.

The Group deals only with customers of good credit standing and the loans are currently extended only to investees or related companies. Lastly, the business of hotel operation is conducted largely on cash basis. Under special circumstances, credit may be offered to corporate account holders but this represents a very marginal part of hotel business.

The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

30. Financial risk management (cont'd)

(b) ***Credit risk (cont'd)***

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheets except as the following:

	2016	**2015**
	US$'million	US$'million
Corporate guarantees provided to banks/lenders	23.0	40.2

The corporate guarantees are provided for borrowings of maturity ranging from 20 months to 36 months. The Group does not expect the guarantees to default on the borrowings.

(c) ***Liquidity risk***

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions in order to meet ongoing normal operating commitment and capital investment requirement. The table below analyses the maturity profile of the Group's financial liabilities (including derivative financial instruments) based on contractual undiscounted cash flows:

2016	**Less than 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000
Non-derivative cash flows				
Financial liabilities				
Borrowings	57,755	125,930	15,242	198,927
Due to Tokumei Kumiai investors	1,007	–	–	1,007
Financial liabilities included in accounts payable, other payables and accruals	6,641	–	78	6,719
	65,403	125,930	15,320	206,653
Derivative cash flows				
Cash inflows	631	2,151	–	2,782
Cash outflows	(973)	(2,072)	–	(3,045)
	(342)	79	–	(263)

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30. Financial risk management (cont'd)

(c) *Liquidity risk (cont'd)*

2015	**Less than 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000
Non-derivative cash flows				
Financial liabilities				
Borrowings	58,638	101,771	14,696	175,105
Due to Tokumei Kumiai investors	–	603	–	603
Financial liabilities included in accounts payable, other payables and accruals	5,680	–	80	5,760
	64,318	102,374	14,776	181,468
Derivative cash flows				
Cash inflows	5,575	2,039	194	7,808
Cash outflows	(5,774)	(2,464)	(210)	(8,448)
	(199)	(425)	(16)	(640)

(d) *Capital management*

In the near term, the Group's objective in managing capital is to maintain an optimal capital structure in order to expand the size of the Group's investment portfolio. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell investments to reduce borrowings. The Group conducts regular cash flow analysis to determine the capital requirement of each department and the cash flow and financial position of all business activities in order to closely monitor the cash flow and capital structure of the Group. The Group may monitor capital using the gearing ratio, which is net debt divided by total equity.

	2016	**2015**
	US$'000	US$'000
Borrowing	185,416	164,366
Other liabilities	11,787	7,478
Less: cash and bank balances	(35,552)	(30,334)
Net debt	161,651	141,510
Total equity	125,892	140,174
Gearing ratio	128.4%	101.0%

31. Assets and liabilities measured at fair value

Financial instruments at fair value through profit or loss are designated upon initial recognition except for investment in listed shares are categorised as held for trading. Derivatives are categorised as held for trading unless they are designated as hedges.

The carrying value of financial instruments by classes as at the end of the reporting period are as follows:

Group	Loans and receivables	Financial assets at fair value through profit or loss	Derivative used for hedging
	US$'000	US$'000	US$'000
2016			
Financial assets			
Investments - listed	–	2,402	–
Investments - unlisted	–	45,113	–
Loans receivable	9,033	–	–
Rental deposit	3,150	–	–
Derivative financial instruments	–	–	346
Finance lease receivable	8,036	–	–
Accounts receivable	4,431	–	–
Financial assets included in prepayments, deposits and other receivables	467	–	
Deposits pledged as collateral	4,320	–	–
Cash and bank balances	35,552	–	–
	64,989	47,515	346

	Financial liabilities at amortised costs	Financial liabilities at fair value through profit or loss	Derivative used for hedging
	US$'000	US$'000	US$'000
Financial liabilities			
Borrowings	(185,416)	–	–
Due to Tokumei Kumiai investors	(1,007)	–	–
Derivative financial instruments	–	–	(598)
Financial liabilities included in accounts payable, other payables and accruals	(7,345)	–	–
	(193,768)	–	(598)

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

31. Assets and liabilities measured at fair value (cont'd)

Group	Loans and receivables	Financial assets at fair value through profit or loss	Derivative used for hedging
	US$'000	US$'000	US$'000
2015			
Financial assets			
Investments - listed	–	14	–
Investments - unlisted	–	46,959	–
Loans receivable	5,250	–	–
Rental deposit	2,445	–	–
Derivative financial instruments	–	60	57
Finance lease receivable	8,091	–	–
Accounts receivable	3,811	–	–
Financial assets included in prepayments, deposits and other receivables	528	–	–
Deposits pledged as collateral	6,008	–	–
Cash and bank balances	30,334	–	–
	56,467	47,033	57

	Financial liabilities at amortised costs	Financial liabilities at fair value through profit or loss	Derivative used for hedging
	US$'000	US$'000	US$'000
Financial liabilities			
Borrowings	(164,366)	–	–
Due to Tokumei Kumiai investors	(603)	–	–
Derivative financial instruments	–	(827)	(71)
Financial liabilities included in accounts payable, other payables and accruals	(6,213)	–	–
	(171,182)	(827)	(71)

31. Assets and liabilities measured at fair value (cont'd)

Company	Loans and receivables	Financial assets at fair value through profit or loss	Derivative used for hedging
	US$'000	US$'000	US$'000
2016			
Financial assets			
Investments - unlisted	–	19,562	–
Loans receivable	2,450	–	–
Loans to subsidiaries	28,693	–	–
Derivative financial instruments	–	–	945
Accounts receivable	76	–	–
Amounts due from subsidiaries	486	–	–
Financial assets included in prepayments, deposits and other receivables	199	–	–
Deposits pledged as collateral	2,450	–	–
Cash and bank balances	8,700	–	–
	43,054	19,562	945

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Derivative used for hedging
	US$'000	US$'000	US$'000
Financial liabilities			
Borrowings	(24,772)	–	–
Derivative financial instruments	–	–	(945)
Amounts due to subsidiaries	(512)	–	–
Financial liabilities included in accounts payable, other payables and accruals	(682)	–	–
	(25,966)	–	(945)

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

31. Assets and liabilities measured at fair value (cont'd)

Company	Loans and receivables	Financial assets at fair value through profit or loss	Derivative used for hedging
	US$'000	US$'000	US$'000
2015			
Financial assets			
Investments - unlisted	–	24,190	–
Loans receivable	2,250	–	–
Loans to subsidiaries	20,393	–	–
Derivative financial instruments	–	844	127
Accounts receivable	65	–	–
Amounts due from subsidiaries	1,691	–	–
Financial assets included in prepayments, deposits and other receivables	193	–	–
Deposits pledged as collateral	4,006	–	–
Cash and bank balances	8,051	–	–
	36,649	25,034	127
Financial liabilities			
Borrowings	(14,451)	–	–
Derivative financial instruments	–	(844)	(128)
Amounts due to subsidiaries	(628)	–	–
Financial liabilities included in accounts payable, other payables and accruals	(712)	–	–
	(15,791)	(844)	(128)

The carrying amount of loans and receivables above approximates to their fair values due to the short-term maturities of these instruments.

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is depended on the valuation inputs used as follows:

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

31. Assets and liabilities measured at fair value (cont'd)

(a) ***Fair value hierarchy (cont'd)***

Analysis of each class of assets and liabilities measured at fair value by level of fair value hierarchy as at the end of the reporting period was as follows:

Group	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
2016				
Recurring fair value measurements				
Financial assets				
Fair value through profit or loss				
Unlisted shares				
- Shipping	–	–	15,710	15,710
- Hotel	–	–	988	988
- Residential	–	–	24	24
- Office property	–	–	21,440	21,440
- Small residential property developments	–	–	2,996	2,996
Unlisted performance notes				
- Shipping	–	–	3,955	3,955
Listed shares	2,402	–	–	2,402
Derivatives designated as hedge				
Derivative financial instruments	–	346	–	346
	2,402	346	45,113	47,861
Non-financial assets				
Investment properties	–	–	13,949	13,949
	2,402	346	59,062	61,810
Financial liabilities				
Derivatives designated as hedge				
Derivative financial instruments	–	(598)	–	(598)
	–	(598)	–	(598)

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

31. Assets and liabilities measured at fair value (cont'd)

(a) ***Fair value hierarchy (cont'd)***

Group	**Level 1** US$'000	**Level 2** US$'000	**Level 3** US$'000	**Total** US$'000
2015				
Recurring fair value measurements				
Financial assets				
Fair value through profit or loss				
Unlisted shares				
- Shipping	–	–	18,293	18,293
- Hotel	–	–	799	799
- Residential	–	–	15	15
- Office property	–	–	15,833	15,833
- Small residential property developments	–	–	6,022	6,022
Unlisted performance notes				
- Shipping	–	–	5,997	5,997
Listed shares	14	–	–	14
Derivative financial instruments	–	60	–	60
Derivatives designated as hedge				
Derivative financial instruments	–	57	–	57
	14	117	46,959	47,090
Non-financial assets				
Investment properties	–	–	8,565	8,565
	14	117	55,524	55,655
Financial liabilities				
Fair value through profit or loss				
Derivative financial instruments	–	(827)	–	(827)
Derivatives designated as hedge				
Derivative financial instruments	–	(71)	–	(71)
	–	(898)	–	(898)

31. Assets and liabilities measured at fair value (cont'd)

(a) ***Fair value hierarchy (cont'd)***

Company	**Level 1** US$'000	**Level 2** US$'000	**Level 3** US$'000	**Total** US$'000
2016				
Recurring fair value measurements				
Financial assets				
Fair value through profit or loss				
Unlisted shares				
- Shipping	–	–	15,607	15,607
Unlisted performance notes				
- Shipping	–	–	3,955	3,955
Derivatives designated as hedge				
Derivative financial instruments	–	945	–	945
	–	945	19,562	20,507
Financial liabilities				
Derivatives designated as hedge				
Derivative financial instruments	–	(945)	–	(945)

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

31. Assets and liabilities measured at fair value (cont'd)

(a) *Fair value hierarchy (cont'd)*

Company	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2015				
Recurring fair value measurements				
Financial assets				
Fair value through profit or loss				
Unlisted shares				
- Shipping	–	–	18,193	18,193
Unlisted performance notes				
- Shipping	–	–	5,997	5,997
Derivative financial instruments	–	844	–	844
Derivatives designated as hedge				
Derivative financial instruments	–	127	–	127
	–	971	24,190	25,161
Financial liabilities				
Fair value through profit or loss				
Derivative financial instruments	–	(844)	–	(844)
Derivatives designated as hedge				
Derivative financial instruments	–	(128)	–	(128)
	–	(972)	–	(972)

31. Assets and liabilities measured at fair value (cont'd)

(a) ***Fair value hierarchy (cont'd)***

The movements in fair value measurements in Level 3 during the years were as follows:

Group	**Unlisted shares and unlisted bond**	**Investment properties**	**Total**
	US$'000	US$'000	US$'000
At 1 January 2015	45,070	7,810	52,880
Fair value adjustment recognised in profit or loss	(2,168)	27	(2,141)
Purchases	9,259	4,245	13,504
Disposals	(5,230)	(3,281)	(8,511)
Arising from deconsolidation of a consolidated entity	23	–	23
Currency translation differences	5	(236)	(231)
At 31 December 2015 and at 1 January 2016	46,959	8,565	55,524
Fair value adjustment recognised in profit or loss	(1,114)	(1,348)	(2,462)
Purchases	13,579	7,912	21,491
Disposals	(12,524)	(956)	(13,480)
Arising from acquisition of a subsidiary	(1,788)	–	(1,788)
Currency translation differences	1	(224)	(223)
At 31 December 2016	45,113	13,949	59,062

During the years 2016 and 2015, there was no transfer of fair value measurements between Levels 1 and 2.

(b) ***Level 2 fair value measurements***

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative financial instruments

Forward currency contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

31. Assets and liabilities measured at fair value (cont'd)

(c) *Level 3 fair value measurements*

Description of significant unobservable inputs used in Level 3 fair value measurements are as follows:

Descriptions	Note	Fair value at 31 December 2016 US$'000	Fair value at 31 December 2015 US$'000	Valuation techniques	Significant unobservable inputs	Range 2016	Range 2015
Office property:							
- Unlisted shares	(i)	21,438	15,833	Residual method	Gross development value per square foot	HK$17,000	HK$15,000
					Development cost per square foot	HK$4,000	HK$4,000
					Discount rate	5.0%	5.0%
Shipping:							
- Unlisted shares and unlisted performance notes	(ii)	19,562	24,190	Discounted cash flow	Daily charter rate	US$4,000 - US$27,000	US$6,000 - US$27,000
					Terminal value	US$13 million - US$25 million	US$15 million - US$35 million
					Discount rate	5.6% - 6.3%	5.4% - 6.6%
Small residential property developments:							
- Investment properties	(iii)	12,016	4,226	Capitalisation rate method	Property completed:		
					Gross capitalisation rate	5.3% - 5.5%	–
					Monthly rental per square meter	JPY4,000	–
					Property under construction:		
					Gross development value per square meter	JPY0.9 million	JPY0.8 million – JPY1.0 million
					Development cost per square meter	JPY0.3 million	JPY0.3 million – JPY0.4 million
					Discount rate	5.0%	5.0%

31. Assets and liabilities measured at fair value (cont'd)

(c) ***Level 3 fair value measurements (cont'd)***

Assuming 1% change in the significant unobservable input used with all other variables being held constant, the effects on the loss before tax will be as follows:

Note	Descriptions	Significant unobservable inputs	2016 Impact of 1% change in inputs on loss before tax US$'000	2015 Impact of 1% change in inputs on loss before tax US$'000
	Office property:			
(i)	- Unlisted shares	Gross development value per square foot	283	233
		Development cost per square foot	109	104
		Discount rate	169	258
	Shipping:			
(ii)	- Unlisted shares and unlisted performance notes	Daily charter rate	550	159
		Terminal Value	348	152
		Discount rate	2,307	2,563
	Small residential property development:			
(iii)	- Investment properties	Property completed:		
		Gross capitalisation rate	1,855	–
		Monthly rental per square metre	82	–
		Property under construction:		
		Gross development value per square metre	31	85
		Development cost per square metre	16	47
		Discount rate	22	38

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

31. Assets and liabilities measured at fair value (cont'd)

(d) ***Valuation policies and procedures***

Management oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For valuation performed by external valuation experts, management reviews the appropriateness of the valuation methodologies and assumptions adopted as well as evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources or internal sources if necessary and appropriate.

Management documents and reports its analysis and results of the external valuations to the Board of Directors on a quarterly basis.

(e) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Loans receivable, accounts receivable, amounts due from subsidiaries, other receivables, borrowings, due to Tokumei Kumiai investors, account payables, amounts due to subsidiaries, other payables and accruals

The carrying amounts of these financial assets and liabilities other than loans receivable are reasonable approximation of fair values due to their short-term nature.

The carrying amount of loans receivable are reasonable approximation of fair values, either due to their short-term nature or that they are fixed rate instruments, which the fixed interest rate are reasonable approximation of market floating rates on or near the end of the reporting period.

32. Commitments

(a) *Capital commitments*

Capital expenditure contracted for at the end of the reporting period but not recognised in the consolidated financial statements of the Group was as follows:

	Group	
	2016	**2015**
	US$'000	US$'000
Capital commitments in respect of:		
- Vessels under construction	–	16,805
- Investment properties under construction	2,321	1,813
	2,321	18,618

(b) *Operating lease commitments - the Group as lessee*

The Group leases certain of its office and hotel properties and office equipments under operating lease arrangements. The remaining term for the leases range from one month to fourteen years.

At the end of the reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due were as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	US$'000	US$'000	US$'000
Premises and office equipment				
Within one year	1,117	1,263	826	895
Later than one year and not later than five years	608	1,475	425	1,009
	1,725	2,738	1,251	1,904
Hotel properties				
Within one year	9,792	6,268	–	–
Later than one year and not later than five years	34,651	22,388	–	–
Later than five years	42,440	18,188	–	–
	86,883	46,844	–	–

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

32. Commitments (cont'd)

(c) *Operating lease commitments - the Group as lessor*

The Group has entered leases for certain of its investment properties and vessels and sub-leases a portion of the hotel under operating lease arrangements. These non-cancellable leases have remaining lease terms range from two months to five years.

Future minimum income receivables under non-cancellable operating leases at the end of the reporting period were as follows:

	Group	
	2016	**2015**
	US$'000	US$'000
Rental income from investment properties		
Within one year	76	–
Later than one year and not later than five years	57	–
	133	–
Charter income from vessels/vessels under construction		
Within one year	18,132	20,201
Later than one year and not later than five years	42,267	59,254
Later than five years	–	2,252
	60,399	81,707
Hotel income from hotel under management		
Within one year	60	39
Later than one year and not later than five years	94	–
	154	39

32. Commitments (cont'd)

(d) ***Finance lease commitment - the Group as lessor***

The Group has a finance lease for one vessel. The original term of the lease is 5 years and at the expiration of the lease, the lessee will purchase the vessel.

Future minimum lease receivable under finance lease together with the present value of net minimum lease receivable were as follows:

	Group			
	Minimum lease receivable		**Present value of receivable**	
	2016	**2015**	**2016**	**2015**
	US$'000	US$'000	US$'000	US$'000
Within one year	775	691	331	279
Later than one year and not later than five years	8,739	9,249	7,705	7,812
Total minimum lease receivable	9,514	9,940	8,036	8,091
Less: Unearned interest income	(1,478)	(1,849)	–	–
Present value of minimum lease receivable	8,036	8,091	8,036	8,091

(e) ***Investment commitments***

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'million	US$'million	US$'million	US$'million
Loan investments	4.2	5.2	3.2	5.2
Loan to joint venture companies	4.9	6.1	4.5	4.7
	9.1	11.3	7.7	9.9

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2016

33. Related party transactions

(a) In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties in the normal course of business:

		2016		2015	
Group	**Notes**	**Investee companies**	**Other related companies**	**Investee companies**	**Other related companies**
		US$'000	US$'000	US$'000	US$'000
Consolidated income statement					
Fee income					
Arrangement and agency fee		872	329	1,466	703
Brokerage commission		381	–	393	–
Incentive fee		793	–	–	82
Asset management and administration fee		1,475	25	1,508	147
Investment returns					
Realised gain on investments					
- Shipping		194	–	463	–
- Hotel and residential		–	–	1,569	–
- Small residential property developments	20	4,548	–	810	–
Interest income from participation in bridging loan	21	112	–	397	–
Other income		191	–	440	–
Hotel leases		–	–	(445)	–
Interest expense on borrowings		–	34	–	–
Consolidated balance sheets					
Loans receivable	9	9,033	–	5,250	–
Accounts receivable	11	441	33	89	17
Borrowings		(4,642)	(5,158)	(4,644)	–
Accounts payable	18	–	–	(5)	–
Other payable		–	14	–	–
Corporate guarantees provided to banks/lenders	30(b)	23,000	–	36,000	4,200

Other related companies refer to shareholders of the Group, who fit the definition of related parties and entities invested by an investee company.

33. Related party transactions (cont'd)

(b) Compensation of key management personnel and directors

	Group	
	2016	**2015**
	US$'000	US$'000
Short-term benefits	1,912	2,011
Employer's contribution to defined contribution plans	50	10
Other welfare and allowances	275	289
	2,237	2,310

Included in the above is total compensation to directors of the Group amounting to US$728,000 (2015: US$851,000).

The compensation of directors and key management personnel is reviewed by the remuneration committee and is subject to the necessary approval.

34. Approval of the financial statements

The financial statements of the Group for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 17 March 2017.

Statistics of Shareholdings

As at 8 March 2017

SHARE CAPITAL

Number of Issued Shares	:	46,979,280
Share Capital	:	USD75,166,848
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for every ordinary share

The Company has no treasury shares as at 8 March 2017.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 8 MARCH 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDINGS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 99	48	1.37	717	0.00
100 - 1,000	1,449	41.33	901,336	1.92
1,001 - 10,000	1,720	49.06	6,469,396	13.77
10,001 - 1,000,000	283	8.07	14,090,088	29.99
1,000,001 - and above	6	0.17	25,517,743	54.32
Grand Total	**3,506**	**100.00**	**46,979,280**	**100.00**

TOP 20 LARGEST SHAREHOLDERS AS AT 8 MARCH 2017

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	16,357,611	34.82
2	EVERGREEN INTERNATIONAL S.A	4,687,500	9.98
3	HSH NORDBANK AG	1,250,000	2.66
4	CITIBANK NOMINEES SINGAPORE PTE LTD	1,168,400	2.49
5	MICHIO TANAMOTO	1,040,312	2.21
6	MASAKI FUKUMORI	1,013,920	2.16
7	YOSHIDA KAZUHIKO	895,312	1.91
8	EXENO YAMAMIZU CORPORATION	768,750	1.64
9	OCBC SECURITIES PRIVATE LTD	627,230	1.34
10	LI YAN	523,170	1.11
11	YEO SENG BUCK	462,000	0.98
12	LECK HANG WEI	380,000	0.81
13	NG HWEE KOON	356,570	0.76
14	MAYBANK NOMINEES (SINGAPORE) PTE LTD	352,400	0.75
15	PHILLIP SECURITIES PTE LTD	347,740	0.74
16	KENJI FUKUYADO	330,000	0.70
17	MAYBANK KIM ENG SECURITIES PTE LTD	301,380	0.64
18	UOB KAY HIAN PTE LTD	295,350	0.63
19	PHONG CHONG YEE	251,000	0.53
20	WONG YUN HEY	231,800	0.49
	TOTAL	**31,640,445**	**67.35**

Statistics of Shareholdings

As at 8 March 2017

SUBSTANTIAL SHAREHOLDERS as at 8 March 2017
as shown in the Company's Register of Substantial Shareholders

Name of Substantial Shareholders	Shareholding registered in name of substantial shareholders		Other shareholdings in which substantial shareholders are deemed to have an interest	
	No of Shares	% of Issued Shares	No of Shares	% of Issued Shares
Yamasa Co., Ltd	–	–	15,721,411[1]	33.46%
Evergreen International S.A	4,687,500	9.98%	–	–

Notes:-

(1) Shares registered in the name of DBS Vickers Securities (Singapore) Pte Ltd

* The above table does not reflect the deemed interests of Michio Tanamoto and Uni-Asia Group Limited in 46,979,280 shares of the Company. Under the scheme of arrangement (as announced by the Company on 23 January 2017), Uni-Asia Group Limited proposes to acquire all the 46,979,280 Scheme Shares held by the Scheme Shareholders as at the Books Closure Date (each as defined in the announcement). Accordingly, Uni-Asia Group Limited is technically deemed to be interested in 46,979,280 shares of the Company by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore. Michio Tanamoto is the temporary sole shareholder of Uni-Asia Group Limited during the period prior to the effective date of the scheme of arrangement. Accordingly, Michio Tanamoto is technically deemed to be interested in 46,979,280 shares of the Company (in which Uni-Asia Group Limited technically has a deemed interest) by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, including the 1,040,312 shares of the Company in which Michio Tanamoto has, in his personal capacity, a direct interest held through The Central Depository (Pte) Limited.

PUBLIC SHAREHOLDINGS

Based on the information available to the Company as at 8 March 2017, approximately 51.14% of the total number of issued shares of the Company is held by the public and therefore Rule 723 of the Exchange's Listing rules is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Uni-Asia Holdings Limited (the "**Company**") will be held at Shenton Room, Lower Level, M Hotel Singapore, 81 Anson Road Singapore 079908 on Friday, April 28, 2017 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final Cayman Islands tax-exempt dividend of S$0.03 per ordinary share for the financial year ended December 31, 2016. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:

Mr Rajan Menon	(Retiring under Article 100)	**(Resolution 3)**
Mr Wu Kuang-hui	(Retiring under Article 100)	**(Resolution 4)**

Mr Rajan Menon will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and he will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

[See Explanatory Note (a)]

4. To approve Directors' fees of S$207,500 for the financial year ending December 31, 2017, payable quarterly in arrears (2016: S$228,278.69), provided that in the event that the Scheme (as defined in the announcement by the Company dated 23 January 2017 on the proposed restructuring of the Company by way of a scheme of arrangement involving Uni-Asia Group Limited) becomes effective prior to the end of the financial year ending December 31, 2017, such Directors' fees shall be pro-rated accordingly for the period commencing on January 1, 2017 and ending on the date on which the Directors are appointed on the board of Uni-Asia Group Limited. **(Resolution 5)**

[See Explanatory Note (b)]

5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

AS SPECIAL BUSINESS

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

7(i) Authority to allot and issue shares

"That pursuant to the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Company's Articles of Association, authority be and is hereby given to the Directors of the Company to:-

(A) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise, and /or

Notice of Annual General Meeting

(ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or the effective date of the Scheme (as defined in the announcement by the Company dated 23 January 2017 on the proposed restructuring of the Company by way of a scheme of arrangement involving Uni-Asia Group Limited), whichever is the earliest; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments." **(Resolution 7)**

Notice of Annual General Meeting

7(ii) Authority to offer and grant options and to allot and issue shares under the Uni-Asia Share Option Scheme

"That approval be and is hereby given to the Directors of the Company to:

(A) offer and grant options in accordance with the Uni-Asia Share Option Scheme (the "**Share Option Scheme**") and the Memorandum and Articles of Association of the Company; and

(B) allot and issue such shares (the "**Share Option Scheme Shares**") as may be required to be issued pursuant to the exercise of options under the Share Option Scheme,

provided that the aggregate number of Share Option Scheme Shares over which options may be granted on any date, when added to the number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered and/or to be delivered in respect of all options granted under the Share Option Scheme, and any shares subject to any other share option or share incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the issued shares (excluding treasury shares) of the Company from time to time." **(Resolution 8)**

7(iii) Authority to grant awards and to allot and issue shares under the Uni-Asia Performance Share Plan ("**PSP**")

"That approval be and is hereby given to the Directors of the Company to:

(A) grant awards in accordance with the provisions of the PSP; and

(B) allot and issue from time to time such number of fully paid-up shares ("**Shares**") as may be required to be delivered pursuant to the vesting of awards under the PSP,

provided that the aggregate number of Shares over which awards may be granted under the PSP on any date, when aggregated with the number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the PSP, and any shares subject to any other share option or share incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) of the Company from time to time." **(Resolution 9)**

7(iv) Proposed Renewal of the Share Purchase Mandate

"That:

(A) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid-up ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) an on-market purchase ("**On-Market Purchase**") transacted through the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) an off-market purchase ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme (as defined in Section 76C of the Companies Act, Chapter 50 of Singapore ("**Singapore Companies Act**")) as may be determined or formulated by the Directors of the Company as they consider it fit, which scheme shall satisfy all the conditions prescribed by the Singapore Companies Act and the listing rules of the SGX-ST, and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(B) unless varied or revoked by an ordinary resolution of shareholders of the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on:

(i) the date on which the next Annual General Meeting of the Company is held or required by law or the Articles of Association of the Company to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied;

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iv) the effective date of the Scheme (as defined in the announcement by the Company dated 23 January 2017 on the proposed restructuring of the Company by way of a scheme of arrangement involving Uni-Asia Group Limited),

whichever is the earliest, provided that the authority shall be valid for a period not exceeding 12 months from the passing of this Resolution;

(C) in this Resolution:

"**Prescribed Limited**" means the number (subject to any proportionate adjustments as may result from any capital subdivision and/or consolidation of the Company) of issued Shares representing ten per centum (10%) of the total number of issued Shares, excluding treasury shares, of the Company as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Purchase, five per centum (5%) above the average of the closing market prices of the Shares over the last five market days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day of the On-Market Purchase and deemed to be adjusted for any corporate action occurring after such five market day period; and

(ii) in the case of an Off-Market Purchase, twenty per centum (20%) above the average of the closing market prices of the Shares over the last five market days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme; and

(D) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents, as may be required) as they or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

(Resolution 10)

Notice of Annual General Meeting

7(v) Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions

"That:

(A) approval be and is hereby given, for the purpose of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Notice of Annual General Meeting dated April 3, 2017 ("**Appendix**"), with any party who is of the class or classes of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the "**IPT Mandate**");

(B) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the earlier of (i) the conclusion of the next Annual General Meeting of the Company, or (ii) the effective date of the Scheme (as defined in the announcement by the Company dated 23 January 2017 on the proposed restructuring of the Company by way of a scheme of arrangement involving Uni-Asia Group Limited); and

(C) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution."

(Resolution 11)

NOTICE OF BOOK CLOSURE DATE FOR DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Book and the Register of Members of the Company will be closed on May 8, 2017 for the purpose of preparing dividend warrants. Duly completed transfers received by the Company's Share Registrar and Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00 Singapore 068898 up to 5.00 p.m. on May 5, 2017 will be registered to determine shareholders' entitlement to the proposed dividend. The first and final Cayman Islands tax-exempt dividend of S$0.03 per ordinary share for the financial year ended December 31, 2016, if approved at the Annual General Meeting, will be paid on May 16, 2017.

By Order of the Board

Joanna Lim Lan Sim
Company Secretary

Singapore, April 3, 2017

Explanatory Notes

(a) In relation to Ordinary Resolutions 3 and 4 proposed in item 3 above, the detailed information on Messrs Rajan Menon and Wu Kuang-hui are set out in the section entitled "Board of Directors" and Table 3 in the Corporate Governance Report section of the Company's 2016 Annual Report. There are no relationships (including immediate family relationships) between Mr Menon and/or Mr Wu and the other directors of the Company.

(b) In relation to Ordinary Resolution 5 proposed in item 4 above, the Board of Directors proposes the payment of directors' fees to all Independent Non-Executive Directors to be approved by shareholders in advance during the forthcoming Annual General Meeting. Upon approval, the directors' fees would then be paid in arrears on a quarterly basis by the Company.

Notice of Annual General Meeting

Statement Pursuant to Article 44 of the Company's Articles of Association

The effect of the resolutions under the heading "Special Business" in this Notice of the Annual General Meeting is:-

(i) Ordinary Resolution 7 proposed in item 7(i) above, if passed, will empower the Directors of the Company (unless varied or revoked by the Company in general meeting) from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or the effective date of the Scheme (as defined in the announcement by the Company dated 23 January 2017 on the proposed restructuring of the Company by way of a scheme of arrangement involving Uni-Asia Group Limited), whichever is the earliest, to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments. The number of shares (including shares to be issued in pursuance of instruments made or granted) that the Directors of the Company may issue under Ordinary Resolution 7 shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) of the Company at the time of the passing of Ordinary Resolution 7, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to the shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Ordinary Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

(ii) Ordinary Resolution 8 proposed in item 7(ii) above, if passed, will empower the Directors of the Company to offer and grant options and issue new ordinary shares in the capital of the Company ("**Shares**") pursuant to the Uni-Asia Share Option Scheme (the "**Share Option Scheme**"), provided that the aggregate number of Shares over which options may be granted on any date, when added to the number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered and/or to be delivered in respect of all options granted under the Share Option Scheme, and any shares subject to any other share option or share incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the issued shares (excluding treasury shares) of the Company from time to time.

(iii) Ordinary Resolution 9 proposed in item 7(iii) above, if passed, will authorise the Directors of the Company to grant awards and to allot and issue new Shares pursuant to the Uni-Asia Performance Share Plan ("**PSP**"), provided that the aggregate number of Shares over which awards may be granted under the PSP on any date, when aggregated with the number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the PSP, and any shares subject to any other share option or share incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) of the Company from time to time.

(iv) Ordinary Resolution 10 proposed in item 7(iv) above, if passed, will authorise the Directors of the Company to make on-market and off-market purchases or acquisitions of Shares of up to 10 per centum (10%) of the issued Shares excluding treasury Shares (ascertained as at the date of the passing of Ordinary Resolution 10 above) at such price(s) up to the Maximum Price (as defined in Ordinary Resolution 10 above) and will empower the Directors of the Company to do all acts necessary to give effect to the Share Purchase Mandate (as defined in Ordinary Resolution 10 above). This authority will, unless revoked or varied by the Company at a general meeting, expire on the date on which the next Annual General Meeting of the Company is held, or the day by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, or the effective date of the Scheme (as defined in the announcement by the Company dated 23 January 2017 on the proposed restructuring of the Company by way of a scheme of arrangement involving Uni-Asia Group Limited), whichever is the earliest, provided that the authority shall be valid for a period not exceeding 12 months from the passing of Ordinary Resolution 10. Detailed information on the Share Purchase Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial impact on the Company's financial position, is set out in the Appendix to the Notice of Annual General Meeting dated April 3, 2017 ("**Appendix**"). Please refer to the Appendix for more details.

(v) Ordinary Resolution 11 proposed in item 7(v) above is to renew the mandate to enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, or any of them, to enter into certain interested person transactions with specified classes of interested persons, as described in the Appendix. Please refer to the Appendix for more details.

Notes:

1. With the exception of The Central Depository (Pte) Limited who may appoint more than two proxies, a member of the Company entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar and Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02 Singapore 068898 or by post at 80 Robinson Road, #02-00 Singapore 068898 not less than 48 hours before the time appointed for the Annual General Meeting.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

4. 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 Annual General Meeting.

Notice of Annual General Meeting

Personal data privacy:

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

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

If you have sold or transferred all of your shares in the capital of Uni–Asia Holdings Limited (the "**Company**"), you should immediately forward this Appendix together with the Notice of Annual General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

UNI-ASIA
HOLDINGS LIMITED
Registration No. CR-72229

Incorporated in the Cayman Islands with
limited liability on 17 March 1997

APPENDIX TO THE
NOTICE OF ANNUAL GENERAL MEETING
DATED 3 APRIL 2017

CONTENTS

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

"**Annual General Meeting**"	:	The annual general meeting of the Company to be held on 28 April 2017
"**Approval Date**"	:	The date of the forthcoming Annual General Meeting at which the renewal of the Share Purchase Mandate is proposed to be approved
"**Audit Committee**"	:	The audit committee of the Company, comprising Lee Gee Aik, Ronnie Teo Heng Hock, Rajan Menon and Wu Kuang–hui
"**Cayman Companies Law**"	:	The Companies Law (2016 Revision) of the Cayman Islands
"**CDP**"	:	The Central Depository (Pte) Limited
"**Code**"	:	The Singapore Code on Take–overs and Mergers, as amended, modified or supplemented from time to time
"**Company**"	:	Uni–Asia Holdings Limited, an exempted company incorporated with limited liability in the Cayman Islands
"**Directors**"	:	The directors of the Company from time to time
"**Effective Date**"	:	Has the meaning ascribed to it in the Scheme Announcement
"**EPS**"	:	Earnings or loss per Share
"**Group**"	:	The Company and its subsidiaries, collectively
"**Independent Directors**"	:	The Directors who are considered to be independent in relation to the proposed renewal of the Shareholders' Mandate for Interested Person Transactions, being, as at the Latest Practicable Date, Michio Tanamoto, Masaki Fukumori, Lee Gee Aik, Ronnie Teo Heng Hock, Rajan Menon and Wu Kuang–hui
"**Latest Practicable Date**"	:	20 March 2017, being the latest practicable date prior to the printing of this Appendix
"**Listing Manual**"	:	The listing manual of the SGX–ST, as amended, modified or supplemented from time to time
"**Listing Rules**"	:	The listing rules of the SGX–ST as set out in the Listing Manual
"**Market Day**"	:	A day on which the SGX–ST is open for trading in securities
"**NTA**"	:	Total net assets less intangible assets
"**Ordinary Resolution**"	:	A resolution passed by a simple majority being greater than 50.0 per cent. or more of the total number of votes cast for or against such resolution at a meeting of Shareholders convened in accordance with the Articles of Association of the Company

"**Relevant Period**"	:	The period on and from the date of the Annual General Meeting at which the Share Purchase Mandate is renewed up to: (a) the date on which the next annual general meeting of the Company is held or required by law or the Articles of Association of the Company to be held; (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; (c) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or (d) the Effective Date of the Scheme, whichever is the earliest, provided that the authority shall be valid for a period not exceeding 12 months from the passing of the resolution approving the renewal of the Share Purchase Mandate
"**Scheme**"	:	Has the meaning ascribed to it in the Scheme Announcement
"**Scheme Announcement**"	:	The announcement by the Company dated 23 January 2017 on the proposed restructuring of the Company by way of a scheme of arrangement under section 86 of the Cayman Companies Law
"**Securities Accounts**"	:	Securities accounts maintained by Depositors with CDP, but not including securities sub–accounts maintained with a Depository Agent
"**SGX–ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Purchase Mandate**"	:	The general and unconditional share purchase mandate to permit the Company to purchase or acquire Shares
"**Shareholders**"	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
"**Shareholders' Mandate**" or "**Shareholders' Mandate for Interested Person Transactions**"	:	The general mandate for interested person transactions pursuant to Chapter 9 of the Listing Manual
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Singapore Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**Uni–Asia Performance Share Plan**"	:	The Uni–Asia Performance Share Plan adopted by the Company on 29 April 2015
"**Uni–Asia Share Option Scheme**"	:	The Uni–Asia Share Option Scheme adopted by the Company on 26 June 2007
"**%**" or "**per cent.**"	:	Per centum

"**S$**"	:	The lawful currency of Singapore
"**US$**" or "**US cents**"	:	The lawful currency of the United States of America

The terms "**Depositor**" and "**Depository Agent**" shall have the meanings ascribed to them in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

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

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re–enacted. Any word defined under the Singapore Companies Act or the Listing Manual or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Singapore Companies Act or the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding.

1. INTRODUCTION

1.1 **Background.** The Company refers to Resolutions 10 and 11 of the Notice of Annual General Meeting of the Company. Resolutions 10 and 11 are Ordinary Resolutions to be proposed at the Annual General Meeting for (a) the proposed renewal of the Share Purchase Mandate (as defined in paragraph 2.1 below); and (b) the proposed renewal of the Shareholders' Mandate for Interested Person Transactions (as defined in paragraph 3.1 below), respectively.

1.2 **Appendix.** The purpose of this Appendix is to provide Shareholders with information relating to Resolutions 10 and 11.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Introduction.** At the annual general meeting of the Company held on 29 April 2016 (the "**2016 AGM**"), Shareholders had, *inter alia*, authorised and approved the renewal of a general and unconditional share purchase mandate to permit the Company to purchase or acquire Shares for and on behalf of the Company from time to time (the "**Share Purchase Mandate**").

The rationale for, the authority and limitations on, and the financial effects arising from, the Share Purchase Mandate were set out in the Appendix to the Notice of Annual General Meeting dated 7 April 2016 (the "**2016 Appendix**"). The Share Purchase Mandate was expressed to take effect on the date of the passing of the Ordinary Resolution relating thereto at the 2016 AGM and expire on the earliest of: (a) the date on which the next annual general meeting of the Company is held or required by law or the Articles of Association of the Company to be held; (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or (c) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried to the full extent mandated.

Accordingly, the Directors are proposing to seek the approval of Shareholders at the Annual General Meeting for the renewal of the Share Purchase Mandate.

2.2 **Rationale for the renewal of the Share Purchase Mandate.** While it is not possible to anticipate in advance any specific circumstances in which the Directors might think it appropriate to purchase or acquire Shares, the Directors believe that the grant of a general and unconditional mandate to purchase or acquire Shares would give the Company the flexibility to undertake such purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. The purchases or acquisitions may, depending on market conditions at the relevant time, lead to an enhancement of the net asset value and/or earnings per Share and would allow the Company to optimally allocate its resources and maximise share value.

In addition, purchases or acquisitions pursuant to the Share Purchase Mandate would continue to provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost–efficient manner. It also allows the Directors greater flexibility to exercise control over the Company's share capital structure, dividend policy and cash reserves with a view to enhancing the earnings per Share and/or net asset value per Share. Shares purchased by the Company and held in treasury may also be transferred to any person, whether or not for valuable consideration, including for the purposes of or pursuant to employees' share schemes implemented by the Company. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

The Directors do not propose to carry out purchases or acquisitions pursuant to the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company.

2.3 **Applicable Laws and Regulations.** As the Company is incorporated in the Cayman Islands, it is not subject to the provisions of the Singapore Companies Act in respect of purchases or acquisitions of its own Shares. Any purchase or acquisition of Shares by the Company will have to be made in accordance with, and in the manner prescribed by the Articles of Association of the Company, the Cayman Companies Law, the Listing Rules and such other laws and regulations as may for the time being be applicable.

Under the Cayman Companies Law and the Articles of Association of the Company, the Company may purchase its own Shares for cancellation or acquire them as treasury shares, subject to compliance with the conditions set out in the Cayman Companies Law, such as satisfaction of the solvency test.

If Shares purchased are cancelled upon completion of the purchase, the amount of the Company's issued share capital shall be diminished by the nominal value of those Shares accordingly but the purchase of and subsequent cancellation of such Shares shall not be taken as reducing the amount of the Company's authorised share capital. All rights and privileges attached to purchased Shares expire on cancellation. Certificates in respect of purchased Shares will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.

Shares which are subject to creation by the Company as treasury shares, instead of being cancelled, shall be held by the Company as treasury shares, subject to compliance with the conditions set out in the Cayman Companies Law. All rights and privileges attached to such treasury shares shall be subject to the provisions of the Cayman Companies Law and the Articles of Association of the Company. Shares purchased by the Company and held in treasury may also be transferred to any person, whether or not for valuable consideration, including for the purposes of or pursuant to employees' share schemes implemented by the Company.

Only funds legally available for purchasing or acquiring Shares in accordance with the Cayman Companies Law may be utilised. Under the Cayman Companies Law, any purchase or acquisition of Shares must be effected out of the capital paid–up on the Shares to be purchased or acquired or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for that purpose. Any premium payable on such purchase or acquisition of Shares over the par value of the Shares must be provided for out of the funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are purchased or acquired. The Company intends to utilise its internal funds for such share purchases.

2.4 **Authority and Limits on the Share Purchase Mandate.** The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the Annual General Meeting, are substantially the same as previously approved by Shareholders at the 2016 AGM and are summarised below:

2.4.1 ***Maximum Number of Shares***

The Company will only purchase or acquire Shares which are issued and fully paid–up. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10 per cent. of the total number of issued Shares, excluding treasury shares, of the Company as at the date on which the Share Purchase Mandate is renewed at the Annual General Meeting (subject to any proportionate adjustments as may result from any capital subdivision and/or consolidation of the Company).

For illustrative purposes only: on the basis of 46,979,280 Shares in issue, excluding treasury shares, as at 20 March 2017 (the "**Latest Practicable Date**") and assuming no further Shares are issued on or prior to the Annual General Meeting at which the Share Purchase Mandate is renewed and before the expiry of the Relevant Period (as defined below), not more than 4,697,928 Shares (representing 10 per cent. of the total number of issued Shares, excluding treasury shares) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the Relevant Period.

In the event that (a) any of the options to subscribe for Shares granted or to be granted to an employee of the Group pursuant to the Uni–Asia Share Option Scheme ("**Options**") that have vested are exercised; and/or (b) any of the awards to acquire Shares granted or to be granted to an employee of the Group pursuant to the Uni–Asia Performance Share Plan ("**Awards**") that have vested are released, during the period between the Latest Practicable Date and the date of the Annual General Meeting, only those new Shares that are allotted and issued by the date of the Annual General Meeting ("**Approval Date**") pursuant to the exercise of such vested Options and/or the release of such vested Awards will be taken into account for the purposes of determining the total number of Shares as at the Approval Date.

2.4.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the Annual General Meeting at which the Share Purchase Mandate is renewed up to:

(a) the date on which the next annual general meeting of the Company is held or required by law or the Articles of Association of the Company to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied;

(c) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(d) the Effective Date of the Scheme,

whichever is the earliest, provided that the authority shall be valid for a period not exceeding 12 months from the passing of the resolution approving the renewal of the Share Purchase Mandate (the "**Relevant Period**").

2.4.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) an on–market purchase ("**On–Market Purchase**") transacted through the SGX–ST; and/or

(b) an off–market purchase ("**Off–Market Purchase**") effected pursuant to an equal access scheme (as defined in Section 76C of the Singapore Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Singapore Companies Act and the Listing Rules.

Under the Singapore Companies Act, an Off–Market Purchase effected in accordance with an equal access scheme must satisfy all of the following conditions:

(i) the offers under the scheme are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons have a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers are the same except that there shall be disregarded:

a. differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;

b. differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

c. differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

In addition, the Listing Rules provide that, in making an Off–Market Purchase, the Company must issue an offer document to all Shareholders which contains at least the following information:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

(3) the reasons for the proposed share purchase;

(4) the consequences, if any, of share purchases by the Company that will arise under the Code or other applicable takeover rules;

(5) whether the share purchase, if made, could affect the listing of the Shares on the SGX–ST;

(6) details of any share purchases made by the Company in the previous 12 months (whether On–Market Purchases or Off–Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(7) whether the Shares purchased will be cancelled or kept as treasury shares.

2.4.4 ***Maximum Purchase Price***

The purchase price (excluding related brokerage, commission, clearance fees, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share in the event of any share purchase shall be determined by the Directors, but in any event, shall not exceed the maximum price ("**Maximum Price**"), which:

(a) in the case of an On–Market Purchase, shall mean the price per Share based on not more than five per cent. above the average of the closing market prices of the Shares over the last five Market Days on the SGX–ST, on which transactions in the Shares were recorded immediately preceding the day of the On–Market Purchase and deemed to be adjusted for any corporate action occurring after such five Market Day period; and

(b) in the case of an Off–Market Purchase, shall mean the price per Share based on not more than 20 per cent. above the average of the closing market prices of the Shares over the last five Market Days on the SGX–ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme.

2.5 **Singapore Take–over Implications.**

2.5.1 ***Provisions under the Code***

Some of the provisions of the Code are summarised below:

(a) Under Appendix 2 of the Code, an increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a share purchase by the Company will be treated as an acquisition for the purposes of Rule 14 of the Code.

(b) Pursuant to Rule 14 of the Code, a shareholder and persons acting in concert with the shareholder will incur an obligation to make a mandatory takeover offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the company to 30 per cent. or more or, if they, together holding between 30 per cent. and 50 per cent. of the company's voting rights, increase their voting rights in the company by more than one per cent. in any period of six months.

(c) Persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co–operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the Code presumes certain persons to be acting in concert, namely, the following:

(i) a company, its parent, its subsidiaries and fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, ownership or control of at least 20 per cent. but not more than 50 per cent. of the voting rights of a company will be the test of associated company status;

(ii) a company with any of its directors (together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts);

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund in respect of the portion which the person manages on a discretionary basis;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10 per cent. or more of the client's equity share capital;

(vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

(d) The effect of Rule 14 and Appendix 2 of the Code is that:

(i) unless exempted, directors and persons acting in concert with them will incur an obligation to make a takeover offer if, as a result of the company purchasing or acquiring its own shares, the voting rights of such shareholders and their concert parties increase to 30 per cent. or more, or if such shareholders and their concert parties hold between 30 per cent. and 50 per cent. of the voting rights of the company, such voting rights increase by more than one per cent. in any period of six months; and

(ii) a shareholder not acting in concert with the directors will not be required to make a takeover offer if, as a result of the company purchasing or acquiring its own shares, the voting rights of such shareholder would increase to 30 per cent. or more or, or if such shareholder holds between 30 per cent. and 50 per cent. of the Company's voting rights, his voting rights increase by more than one per cent. in any period of six months as a result of the company buying back its shares. Such shareholder need not abstain from voting in respect of the resolution approving the renewal of the Share Purchase Mandate.

2.5.2 ***Directors' and Substantial Shareholders' Interest****

Based on the 46,979,280 Shares in issue, excluding treasury shares, as at the Latest Practicable Date, and assuming that:

(a) there is no change in the total number of issued Shares between the Latest Practicable Date and the date of the Annual General Meeting;

(b) the Company purchases or acquires 4,697,928 Shares being the maximum 10 per cent. of the total number of issued Shares, excluding treasury shares, as at the Latest Practicable Date under the Share Purchase Mandate; and

(c) there is no change in the number of issued Shares held or deemed to be held by the Directors or the substantial Shareholders as set out in the table below,

the aggregate interest (direct and deemed) in Shares of the Directors and the substantial Shareholders as at the date of the Annual General Meeting and after the purchase or acquisition by the Company of 10 per cent. of the total number of issued Shares, excluding treasury shares, pursuant to the Share Purchase Mandate are as follows:

Name	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Before Purchase/ Acquisition (%)	After Purchase/ Acquisition (%)
Directors				
Michio Tanamoto *(Chairman and Chief Executive Officer)*	1,040,312	–	2.21	2.46
Masaki Fukumori *(Executive Director and Chief Operating Officer)*	1,033,920	–	2.20	2.45
Lee Gee Aik *(Lead Independent Non–Executive Director)*	–	–	–	–
Ronnie Teo Heng Hock *(Independent Non–Executive Director)*	–	–	–	–
Rajan Menon *(Independent Non–Executive Director)*	–	–	–	–
Wu Kuang–hui *(Non–Executive Director)*	–	–	–	–
Substantial Shareholders				
Yamasa Co., Ltd	–	15,721,411(1)	33.46(1)	37.18
Evergreen International S.A.	4,687,500	–	9.98	11.09

Note:

(1) Shares registered in the name of DBS Vickers Securities (Singapore) Pte Ltd.

* This paragraph 2.5.2 does not reflect or take into account the deemed interests of Michio Tanamoto and Uni-Asia Group Limited in 46,979,280 Shares as at the Latest Practicable Date as the Company intends to undertake purchases or acquisitions of Shares pursuant to the Share Purchase Mandate only in the event the Scheme lapses and does not become effective. Under the Scheme, Uni-Asia Group Limited proposes to acquire all the 46,979,280 Scheme Shares held by the Scheme Shareholders as at the Books Closure Date (each as defined in the Announcement). Accordingly, Uni-Asia Group Limited is technically deemed to be interested in 46,979,280 Shares by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore. Michio Tanamoto is the temporary sole shareholder of Uni-Asia Group Limited during the period prior to the Effective Date. Accordingly, Michio Tanamoto is technically deemed to be interested in 46,979,280 Shares (in which Uni-Asia Group Limited technically has a deemed interest) by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, including the 1,040,312 Shares in which Michio Tanamoto has, in his personal capacity, a direct interest held through CDP.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer in the event the Company purchases the maximum number of 4,697,928 Shares under the Share Purchase Mandate. Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any substantial Shareholder (together with persons acting in concert with them) who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 4,697,928 Shares under the Share Purchase Mandate. In this regard, Yamasa Co., Ltd has a shareholding interest of 33.46% in the Company as at the Latest Practicable Date, and each of the Directors has confirmed that he is not acting in concert with Yamasa Co., Ltd to obtain or consolidate effective control of the Company.

The Share Purchase Mandate is not intended to assist any Shareholder or its concert parties to obtain or consolidate effective control of the Company. The Directors will decide when, how many and on what terms to repurchase any Shares pursuant to the Share Purchase Mandate in the interests of the Company and its Shareholders as a whole, taking into account various commercial considerations such as the financial effects of the share purchases on the Company.

Notwithstanding the foregoing, Shareholders are advised to consult their professional advisers at the earliest opportunity as to whether an obligation to make a general offer would arise by reason of any share purchases or acquisitions by the Company.

2.6 **Effect of the Share Purchase Mandate on the SGX–ST Listing.** Rule 723 of the Listing Manual requires a listed company to ensure that at least 10 per cent. of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by the public. The term "public" is defined in the Listing Manual as persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of a company and its subsidiaries, as well as the associates of such persons. As at the Latest Practicable Date, approximately 51.08 per cent. of the total number of issued Shares are held by public shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10 per cent. limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX–ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.7 **Details of Share Purchases.** The Company did not purchase or acquire any Shares during the 12–month period ended on the Latest Practicable Date, pursuant to the Share Purchase Mandate approved by the Shareholders at the 2016 AGM.

2.8 **Financial Effects.** The financial effects on the Company and the Group arising from share purchases made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the number of Shares purchased or acquired and the price paid for such Shares.

As the consideration paid by the Company for a share purchase will only be made out of profits, such consideration (excluding related brokerage, commission, clearance fees, goods and services tax, stamp duties and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2016, are based on the assumptions set out below:

2.8.1 ***Number of Shares purchased or acquired***

For illustrative purposes only, on the basis of 46,979,280 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the Annual General Meeting at which the Share Purchase Mandate is renewed and before the expiry of the Relevant Period, the exercise in full of the Share Purchase Mandate will result in the purchase or acquisition of 4,697,928 Shares, representing 10 per cent. of the Shares in issue as at that date.

2.8.2 ***Maximum price to be paid for share purchases***

For illustrative purposes only, in the case of an On–Market purchase by the Company and assuming that the Company purchases or acquires 4,697,928 Shares at the Maximum Price of S$1.084 per share (being five per cent. above the average of the closing market prices of the Shares for the five Market Days on which the Shares were traded on the SGX–ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 4,697,928 Shares is approximately S$5,092,554 (or approximately US$3,637,539 after translation based on an exchange rate of US$1.00 to S$1.40).

For illustrative purposes only, in the case of an Off–Market Purchase by the Company and assuming that the Company purchases or acquires 4,697,928 Shares at the Maximum Price of S$1.238 per Share (being 20 per cent. above the average of the closing market prices of the Shares for the five Market Days on which the Shares were traded on the SGX–ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 4,697,928 Shares is approximately S$5,816,035 (or approximately US$4,154,311 after translation based on an exchange rate of US$1.00 to S$1.40).

For illustrative purposes only, and based on the assumptions set out above, the financial effects of the share purchases pursuant to the Share Purchase Mandate on the audited accounts of the Company and the Group for the financial year ended 31 December 2016 as if the Share Purchase Mandate had been effective on 31 December 2016 are as follows:

(a) On–Market Purchases made entirely out of profits and held as treasury shares

As at 31 December 2016	Group		Company	
	Before the Share Purchase US$'000	After the Share Purchase US$'000	Before the Share Purchase US$'000	After the Share Purchase US$'000
Equity excluding treasury shares	125,892	125,892	110,286	110,286
Treasury shares	–	(3,638)	–	(3,638)
Total equity including treasury shares	125,892	122,254	110,286	106,648
NTA	125,891	122,253	110,286	106,648
Current assets	59,454	55,816	32,482	28,844
Current liabilities	66,702	66,702	17,643	17,643
Total borrowings	185,416	185,416	24,772	24,772
Cash and cash equivalents	35,552	31,914	8,700	5,062
Net profit/ (loss) attributable to owners of parent	(14,166)	(14,166)	1,196	1,196
Total number of issued Shares ('000)	46,979	42,281	46,979	42,281
Financial Ratios				
NTA per Share (US$)	2.68	2.89	2.35	2.52
Gearing (%)	147.3	151.7	22.5	23.2
Current ratio (times)	0.89	0.84	1.84	1.63
EPS (US cents)	(30.15)	(33.50)	2.55	2.83

(b) Off–Market Purchases made entirely out of profits and held as treasury shares

As at 31 December 2016	Group		Company	
	Before the Share Purchase US$'000	After the Share Purchase US$'000	Before the Share Purchase US$'000	After the Share Purchase US$'000
Equity excluding treasury shares	125,892	125,892	110,286	110,286
Treasury shares	–	(4,154)	–	(4,154)
Total equity including treasury shares	125,892	121,738	110,286	106,132
NTA	125,891	121,737	110,286	106,132
Current assets	59,454	55,300	32,482	28,328
Current liabilities	66,702	66,702	17,643	17,643
Total borrowings	185,416	185,416	24,772	24,772
Cash and cash equivalents	35,552	31,398	8,700	4,546
Net profit/ (loss) attributable to owners of parent	(14,166)	(14,166)	1,196	1,196
Total number of issued Shares ('000)	46,979	42,281	46,979	42,281
Financial Ratios				
NTA per Share (US$)	2.68	2.88	2.35	2.51
Gearing (%)	147.3	152.3	22.5	23.3
Current ratio (times)	0.89	0.83	1.84	1.61
EPS (US cents)	(30.15)	(33.50)	2.55	2.83

(c) On–Market Purchases made entirely out of profits and cancelled

As at 31 December 2016	Group		Company	
	Before the Share Purchase US$'000	After the Share Purchase US$'000	Before the Share Purchase US$'000	After the Share Purchase US$'000
Equity excluding treasury shares	125,892	122,254	110,286	106,648
Treasury shares	–	–	–	–
Total equity including treasury shares	125,892	122,254	110,286	106,648
NTA	125,891	122,253	110,286	106,648
Current assets	59,454	55,816	32,482	28,844
Current liabilities	66,702	66,702	17,643	17,643
Total borrowings	185,416	185,416	24,772	24,772
Cash and cash equivalents	35,552	31,914	8,700	5,062
Net profit/ (loss) attributable to owners of parent	(14,166)	(14,166)	1,196	1,196
Total number of issued Shares ('000)	46,979	42,281	46,979	42,281
Financial Ratios				
NTA per Share (US$)	2.68	2.89	2.35	2.52
Gearing (%)	147.3	151.7	22.5	23.2
Current ratio (times)	0.89	0.84	1.84	1.63
EPS (US cents)	(30.15)	(33.50)	2.55	2.83

(d) Off–Market Purchases made entirely out of profits and cancelled

As at 31 December 2016	Group		Company	
	Before the Share Purchase US$'000	After the Share Purchase US$'000	Before the Share Purchase US$'000	After the Share Purchase US$'000
Equity excluding treasury shares	125,892	121,738	110,286	106,132
Treasury shares	–	–	–	–
Total equity including treasury shares	125,892	121,738	110,286	106,132
NTA	125,891	121,737	110,286	106,132
Current assets	59,454	55,300	32,482	28,328
Current liabilities	66,702	66,702	17,643	17,643
Total borrowings	185,416	185,416	24,772	24,772
Cash and cash equivalents	35,552	31,398	8,700	4,546
Net profit/ (loss) attributable to owners of parent	(14,166)	(14,166)	1,196	1,196
Total number of issued Shares ('000)	46,979	42,281	46,979	42,281
Financial Ratios				
NTA per Share (US$)	2.68	2.88	2.35	2.51
Gearing (%)	147.3	152.3	22.5	23.3
Current ratio (times)	0.89	0.83	1.84	1.61
EPS (US cents)	(30.15)	(33.50)	2.55	2.83

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited accounts of the Company and the Group for the financial year ended 31 December 2016 and is not necessarily representative of the future financial performance of the Company or the Group.

Although the Share Purchase Mandate would authorise the Company to purchase 10 per cent. of the total number of issued Shares, the Company may not necessarily purchase or be able to purchase the entire 10 per cent. of the total number of issued Shares, nor to such an extent that would materially and adversely affect the financial position of the Company or the Group.

Share purchases will only be effected after assessing the relative impact of a share purchase taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non–financial factors (such as share market conditions and the performance of the Shares).

2.9 **Listing Rules – Reporting Requirements.** Rule 886 of the Listing Manual provides that a listed company shall notify the SGX–ST of any share purchase as follows:

(a) in the case of an On–Market Purchase, by 9.00 a.m. on the Market Day following the day on which it purchases shares; and

(b) in the case of an Off–Market Purchase under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer.

The notification of such share purchases to the SGX–ST shall be in such form and shall include such details as the SGX–ST may prescribe, such as, *inter alia*, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

In addition, in accordance with Rule 704(28) of the Listing Manual, the Company will announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

(iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

The Company may not undertake any purchases or acquisitions of its Shares prior to the announcement of any price–sensitive information by the Company, until such time as the price sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.

The Company may not effect any purchases or acquisitions of Shares on the SGX–ST during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the announcement of the Company's financial statements for its financial year, as the case may be, and ending on the date of announcement of the relevant results.

3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 **Introduction.** At the 2016 AGM, Shareholders had approved the adoption of the general mandate for interested person transactions (the "**Shareholders' Mandate**" or "**Shareholders' Mandate for Interested Person Transactions**"). The terms of the Shareholders' Mandate for Interested Person Transactions were set out in the 2016 Appendix. The Shareholders' Mandate for Interested Person Transactions enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" to enter in the ordinary course of business into certain types of transactions with specified classes of the Company's "interested persons", provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and are in accordance with the review procedures for such transactions.

3.2 **Annual Renewal of the Shareholders' Mandate for Interested Person Transactions.** The Shareholders' Mandate for Interested Person Transactions was expressed to take effect until the conclusion of the Annual General Meeting of the Company, which is scheduled to be held on 28 April 2017. Accordingly, the Directors propose that the Shareholders' Mandate for Interested Person Transactions be renewed at the Annual General Meeting, to take effect until the earlier of (i) the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting) or (ii) the Effective Date of the Scheme.

3.3 **Particulars of the Shareholders' Mandate for Interested Person Transactions to be renewed.** The nature of the interested person transactions and the classes of interested persons in respect of which the Shareholders' Mandate for Interested Person Transactions is sought to be renewed remain unchanged. Particulars of the Shareholders' Mandate for Interested Person Transactions, including the rationale for the Shareholders' Mandate for Interested Person Transactions, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out in paragraph 3.6 and 3.10 of this Appendix.

3.4 **Audit Committee's Confirmation.** For the purposes of Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

(a) the methods or procedures for determining the transaction prices have not changed since the 2016 AGM; and

(b) the methods or procedures set out in sub–paragraph (a) above for determining the transaction prices under the Shareholders' Mandate for Interested Person Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.5 **Chapter 9 of the Listing Manual.**

3.5.1 Chapter 9 of the Listing Manual governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be "at risk", with the listed company's interested persons.

3.5.2 Except for any transaction which is below S$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated NTA), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for the transaction. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

(a) 5.0% of the listed company's latest audited consolidated NTA; or

(b) 5.0% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the "same interested person" (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

3.5.3 Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2016, the consolidated NTA of the Group was US$125.9 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated financial statements of the Group for the financial year ending 31 December 2017 are published, 5.0% of the Group's latest audited consolidated NTA would be US$6.3 million.

3.5.4 Chapter 9 of the Listing Manual, however, allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day–to–day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

3.5.5 For the purposes of Chapter 9 of the Listing Manual:

(a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;

(b) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step–child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(c) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(d) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX–ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX–ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(e) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person;

(g) a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and

(h) in interpreting the term "**same interested person**" for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of Chapter 9 of the Listing Manual, the following applies:

(i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and

(ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

3.6 **Rationale and Benefit to Shareholders.**

3.6.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the Entity at Risk Group (as defined below) and the Company's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of services in the ordinary course of business by the Entity at Risk Group to the Company's interested persons.

3.6.2 In view of the time–sensitive and recurrent nature of commercial transactions, the obtaining of the Shareholders' Mandate pursuant to Chapter 9 of the Listing Manual will enable:

(a) the Company;

(b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX–ST or an approved exchange); and

(c) associated companies of the Company (other than an associated company that is listed on the SGX–ST or an approved exchange) over which the Company, or the Company and its interested person(s), has or have control,

(together, the "**Entity at Risk Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Mandated Transactions**") set out in paragraph 3.9 below with the specified classes of the Company's interested persons ("**Mandated Interested Persons**") set out in paragraph 3.8 below, provided such Mandated Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.6.3 The Shareholders' Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the Entity at Risk Group to pursue business opportunities which are time–sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek shareholders' prior approval for the entry by the relevant company in the Entity at Risk Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.

3.6.4 During the last financial year ended 31 December 2016, the Entity at Risk Group has, in the ordinary course of business, provided services falling within the categories of Mandated Transactions to the Mandated Interested Persons and has charged a fee(s) for such services depending on the nature of the services provided.

3.7 **Scope and Validity Period of the Shareholders' Mandate.**

3.7.1 The Shareholders' Mandate covers various types of Mandated Transactions under each category of activities to which the Shareholders' Mandate applies, and describes the review procedures for ensuring that such transactions will be entered into with the specified classes of Mandated Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.7.2 The Shareholders' Mandate will not apply to any transaction by a company in the Entity at Risk Group with a Mandated Interested Person that:

(a) is below S$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions; or

(b) is equal to or exceeds S$100,000 in value, but qualifies as an excepted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

Transactions with interested persons (including the Mandated Interested Persons) that do not fall within the ambit of either of the exceptions in (a) or (b) above, or the scope of the Shareholders' Mandate, will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.7.3 The Shareholders' Mandate will take effect from the passing of Resolution 11, being the Ordinary Resolution relating thereto, and will continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting), or (ii) the Effective Date of the Scheme. In the event that the Scheme does not become effective prior to the next annual general meeting, approval from Shareholders will be sought for the renewal of the Shareholders' Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the Mandated Transactions.

3.8 **Classes of Mandated Interested Persons.** The Shareholders' Mandate will apply to the Mandated Transactions that are carried out with Yamasa Co., Ltd (a controlling shareholder of the Company) and its associates. The Group currently provides services to Yamasa Co., Ltd and/or its associates. The Group currently has and may from time to time also have a minority equity investment in some of these associates[1]. Accordingly, the Shareholders' Mandate will also apply to the Mandated Transactions that are carried out with these associates.

3.9 **Categories of Mandated Transactions.** The Mandated Transactions to which the Shareholders' Mandate will apply are set out below:

3.9.1 the provision by the Entity at Risk Group of brokerage services for the charter of ships, and the sale and purchase of ships and properties;

3.9.2 the provision by the Entity at Risk Group of administrative services (including but not limited to the establishment and maintenance of bank account(s), bookkeeping, preparation of insurance and tax records);

3.9.3 the provision by the Entity at Risk Group of commercial management services for ships (including but not limited to the arrangement of employment, bunker fuels, insurance and surveys for the ships and the appointment of agents for the ships);

3.9.4 the provision by the Entity at Risk Group of (a) technical consultancy services for newbuildings (including but not limited to services relating to advice on newbuilding specifications, and the review and approval of drawings of newbuildings) and (b) shipbuilding supervision services (including but not limited to services relating to inspection of materials, machinery and equipment before installation on the newbuilding, attendance of sea trials and surveys, and monitoring of the progress of construction work);

[1] Such associates in which the Group had a minority equity investment, as at the Latest Practicable Date, are Olive Bulkship S.A., Polaris Bulkship S.A., Quest Bulkship S.A., Stella Bulkship S.A., Tiara Bulkship S.A., Unicorn Bulkship S.A. and Victoria Bulkship S.A.. As at the Latest Practicable Date, the Group has an equity interest of 18% in each of these associates.

3.9.5 the provision by the Entity at Risk Group of construction management services for small residential property development projects (including but not limited to services relating to sourcing for suitable sites and overseeing design and construction of projects);

3.9.6 the provision by the Entity at Risk Group of property management services for completed residential properties (including but not limited to services relating to leasing management);

3.9.7 the provision by the Entity at Risk Group of advisory services (including but not limited to advisory services relating to investment advice on asset acquisitions); and

3.9.8 the provision by the Entity at Risk Group of such other services which are incidental to or in connection with the provision of services in paragraphs 3.9.1 to 3.9.7 above.

3.10 **Review Procedures for Mandated Transactions with Mandated Interested Persons.** The Entity at Risk Group has an internal control system in place to ensure that Mandated Transactions with the Mandated Interested Persons are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, and are consistent with the Entity at Risk Group's usual policies and practices.

In particular, the following review procedures have been implemented:

3.10.1 ***Review Procedures***

(a) all contracts entered into or transactions with Mandated Interested Persons by the Entity at Risk Group are to be carried out at prevailing market rates or prices on terms which are no more favourable to the Mandated Interested Persons than the usual commercial terms extended to unrelated third parties in recent transactions or otherwise in accordance with applicable industry norms. At least two most recent comparable contracts entered into by the Entity at Risk Group with unrelated third parties will be used as a basis for comparing and determining the price and commercial terms to be offered to the Mandated Interested Persons, after taking into account, amongst others, if applicable, factors such as but not limited to prevailing market conditions (such as supply and demand for such services); and

(b) in the limited circumstances where the prevailing market rates or prices are not available due to the nature of service to be provided or in the circumstances where it is impractical or impossible to compare against recent contracts entered into by the Entity at Risk Group with unrelated third parties, the Entity at Risk Group's pricing for such services to be provided to Mandated Interested Persons is determined in accordance with the Entity at Risk Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the Entity at Risk Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by the Mandated Interested Persons for such services, non–price factors such as, but not limited to, customer requirements, specifications, duration of contract, strategic purposes of the transaction (including benefits of, and rationale for, transacting with the Mandated Interested Persons), customers' credit standing, transaction volume, size of the transaction, delivery requirements, resources available to the Entity at Risk Group, length of business relationship, potential for future repeat business, prevailing market conditions and demand for such services will be taken into account.

3.10.2 ***Threshold Limits***

For the purposes of sub–paragraphs (a), (b) and (c) below, the "Financial Limit" shall be the amount equivalent to 3.0% of the Group's audited consolidated NTA for the time being, as determined by reference to the Group's latest announced audited consolidated financial statements.

In addition to the above review procedures, the following review and approval procedures will apply to the Mandated Transactions:

(a) transactions equal to or exceeding S$100,000 but below the Financial Limit (as defined above) each in value, will be reviewed and approved prior to their entry by, as the case may be:

(i) ***where the transaction involves the provision of services to a Mandated Interested Person in which the Group has an equity investment:*** the Review Committee of the Company (the "**Review Committee**"), being a committee appointed by the Company's Chief Executive Officer and authorised to review and approve, amongst others, transactions entered into in connection with investments to be made by the Group (such as services provided to a joint venture between the Group and a Mandated Interested Person). As at the Latest Practicable Date, the members of the Review Committee comprise of Michio Tanamoto (Chairman and Chief Executive Officer), Masaki Fukumori (Executive Director and Chief Operating Officer), Masahiro Iwabuchi (Senior Managing Director) and Lim Kai Ching (Group Chief Financial Officer); or

(ii) ***where the transaction involves the provision of services to a Mandated Interested Person in which the Group does not have an equity investment:*** the Management Committee of the Company (the "**Management Committee**"), being a committee appointed by the Company's Chief Executive Officer and authorised to review and approve, amongst others, transactions that do not involve investments to be made by the Group or transactions which are not entered into in connection with such investments. As at the Latest Practicable Date, the members of the Management Committee comprise of Michio Tanamoto (Chairman and Chief Executive Officer), Masaki Fukumori (Executive Director and Chief Operating Officer), Masahiro Iwabuchi (Senior Managing Director), Kenji Fukuyado (Managing Director), Zac K. Hoshino (Managing Director), Lim Kai Ching (Group Chief Financial Officer), Katsuro Ouchi (President, Vista Hotel Management Co., Ltd) and Yukihiro Toda (President, Uni–Asia Capital (Japan) Ltd.).

Transactions equal to or exceeding S$100,000 but below the Financial Limit are also tabled for review by the Audit Committee on a quarterly basis;

(b) transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee prior to their entry;

(c) where the value of a transaction, when aggregated with previous transactions of the same kind in any particular financial year, is equal to or exceeds the Financial Limit, such transaction, and all future transactions of the same kind in that particular financial year will be reviewed and approved by the Audit Committee prior to their entry; and

(d) the Review Committee, the Management Committee or, as the case may be, the Audit Committee, may, as it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers.

3.10.3 ***Other Review Procedures***

The following will apply to the review and approval process:

(a) if any member of the Review Committee or, as the case may be, the Management Committee has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Review Committee or, as the case may be, the Management Committee in relation to that transaction;

(b) if the members of the Review Committee or, as the case may be, the Management Committee have an interest in the transaction or are nominees for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose; and

(c) if a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

3.10.4 ***Register of Mandated Transactions***

The Company will maintain a register of Mandated Transactions carried out with Mandated Interested Persons (recording the basis on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Mandated Transactions recorded in the register to ascertain that the guidelines and review procedures for Mandated Transactions have been complied with.

3.10.5 ***Audit Committee Review***

The Audit Committee will review the internal audit reports on an annual basis to ascertain that the guidelines and review procedures for Mandated Transactions have been complied with.

If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Entity at Risk Group or the Mandated Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.11 **Disclosures.** In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will:

3.11.1 disclose in the Company's annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Shareholders' Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Shareholders' Mandate continues in force); and

3.11.2 announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Shareholders' Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

4. DIRECTORS' RECOMMENDATIONS

4.1 **The Proposed Renewal of the Share Purchase Mandate.** Having considered, amongst others, the terms and the rationale for, and the financial effects of the proposed renewal of, the Share Purchase Mandate set out in this Appendix, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate.

4.2 **The Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions.** The Independent Directors are of the opinion that the entry by the Entity at Risk Group into the Mandated Transactions with the Mandated Interested Persons in the ordinary course of business will enhance the efficiency of the Group, and is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate for Interested Person Transactions.

4.3 **Abstention from Voting.** Yamasa Co., Ltd will abstain from voting, whether in person or by representative or proxy, and will procure that its associates will abstain from voting, their shareholdings, if any, in respect of Resolution 11.

5. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix on the proposed renewal of the Share Purchase Mandate and the proposed renewal of the Shareholders' Mandate for Interested Person Transactions constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate and the proposed renewal of the Shareholders' Mandate for Interested Person Transactions, the Company and its subsidiaries which are relevant to the proposed renewal of the Share Purchase Mandate and the proposed renewal of the Shareholders' Mandate for Interested Person Transactions, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix on the proposed renewal of the Share Purchase Mandate and the proposed renewal of the Shareholders' Mandate for Interested Person Transactions misleading. Where information in this Appendix on the proposed renewal of the Share Purchase Mandate and the proposed renewal of the Shareholders' Mandate for Interested Person Transactions 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 Appendix in its proper form and context.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at 8 Shenton Way #37–04, AXA Tower Singapore 068811 during usual business hours from the date of hereof up to and including the date of the Annual General Meeting:

(a) the Memorandum and Articles of Association of the Company;

(b) the 2016 Appendix; and

(c) the annual report of the Company for the financial year ended 31 December 2016.

Designed and Produced by SageStudio +65 6438 2990

UNI-ASIA HOLDINGS LIMITED ANNUAL REPORT 2016

BALANCED GROWTH

UNI-ASIA
HOLDINGS LIMITED
Registration No. CR-72229

Incorporated in the Cayman Islands with
limited liability on 17 March 1997

30/F., Prosperity Millennia Plaza,
No. 663 King's Road, North Point
Hong Kong
Tel: (852) 2528 5016
Uni-Asia Holdings Limited: www.uni-asia.com
Uni-Asia Shipping Limited: www.uniasiashipping.com
Uni-Asia Capital (Japan) Ltd.: www.uni-asia.co.jp
Vista Hotel Management Co., Ltd.: www.hotel-vista.jp