



UNI-ASIA HOLDINGS LIMITED

Registration No: CR - 72229

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Para-graph	4 th Quarter ("4Q")			Full year ("FY")		
		2016 US\$'000	2015 US\$'000	% Change	2016 US\$'000	2015 US\$'000	% Change
Charter income		9,029	7,956	13%	34,252	30,465	12%
Fee income	[8(ii)]	748	2,375	(69%)	5,824	7,796	(25%)
Hotel income		11,542	8,648	33%	41,973	33,345	26%
Investment returns	[8(iv)]	763	1,617	(53%)	2,134	3,961	(46%)
Interest income		177	236	(25%)	723	718	1%
Other income		(442)	216	N/M	1,392	767	81%
Total income		21,817	21,048	4%	86,298	77,052	12%
Employee benefits expenses		(4,120)	(3,729)	10%	(14,753)	(12,875)	15%
Amortisation and depreciation		(2,422)	(2,625)	(8%)	(10,648)	(9,634)	11%
Vessel operating expenses		(5,026)	(3,795)	32%	(18,321)	(13,613)	35%
Hotel lease expenses		(3,613)	(2,697)	34%	(14,445)	(11,327)	28%
Hotel operating expenses		(4,678)	(3,494)	34%	(17,218)	(13,596)	27%
Other expenses		(1,570)	(1,336)	18%	(4,826)	(5,142)	(6%)
Impairment of property, plant and equipment		(8,590)	(1,400)	N/M	(8,590)	(1,400)	N/M
Provision for onerous contract		(3,475)	-	N/M	(3,475)	-	N/M
Net foreign exchange gain/ (loss)		368	(3)	N/M	(312)	(558)	44%
Total operating expenses		(33,126)	(19,079)	74%	(92,588)	(68,145)	36%
Operating (loss)/ profit		(11,309)	1,969	N/M	(6,290)	8,907	(171%)
Finance costs – interest expense		(1,346)	(1,034)	30%	(5,079)	(3,821)	33%
Finance costs – others		(69)	(65)	6%	(316)	(278)	14%
Allocation to Tokumei Kumiai* investors		91	(168)	(154%)	205	(908)	123%
(Loss)/ Profit before tax		(12,633)	702	N/M	(11,480)	3,900	N/M
Income tax expense		(88)	(223)	(61%)	(748)	(380)	97%
(Loss)/ Profit for the period/ year		(12,721)	479	N/M	(12,228)	3,520	N/M
Attributable to:							
Owners of the parent		(13,624)	5	N/M	(14,166)	2,696	N/M
Non-controlling interests		903	474	91%	1,938	824	135%
		(12,721)	479	N/M	(12,228)	3,520	N/M

* 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.

	4 th Quarter ("4Q")			Full year ("FY")		
	2016 US\$'000	2015 US\$'000	% Change	2016 US\$'000	2015 US\$'000	% Change
(Loss)/ Profit for the period/ year	(12,721)	479	N/M	(12,228)	3,520	N/M
Other comprehensive (expense)/ income for the period/ year, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	(3,061)	(162)	N/M	(356)	171	N/M
Net movement on cash flow hedges	504	156	N/M	488	(22)	N/M
Other comprehensive (expense)/ income for the period/ year, net of tax:	(2,557)	(6)	N/M	132	149	(11%)
Total comprehensive (expense)/ income for the period/ year	(15,278)	473	N/M	(12,096)	3,669	N/M
Attributable to:						
Owners of the parent	(16,270)	2	N/M	(14,149)	2,850	N/M
Non-controlling interests	992	471	111%	2,053	819	151%
	(15,278)	473	N/M	(12,096)	3,669	N/M

N/M: Not meaningful

1 (b) (i) A statement of financial position for the group and the issuer, together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 December 2016 US\$'000	31 December 2015 US\$'000	31 December 2016 US\$'000	31 December 2015 US\$'000
ASSETS				
Non-current assets				
Investment properties	13,949	8,565	-	-
Investments	45,113	46,946	19,562	24,190
Investments in subsidiaries	-	-	72,849	65,555
Intangible assets	1	69	-	-
Property, plant and equipment	195,254	171,715	294	408
Loans receivable	2,050	5,050	2,050	2,050
Loans to subsidiaries	-	-	9,392	8,186
Rental deposit	3,150	2,445	-	-
Derivative financial instruments	329	117	588	531
Finance lease receivable	7,705	7,812	-	-
Accounts receivable	621	-	-	-
Deferred tax assets	46	33	-	-
Deposits for purchase of vessels	-	6,846	-	-
Total non-current assets	268,218	249,598	104,735	100,920
Current assets				
Investments	2,402	27	-	-
Loans receivable	6,983	200	400	200
Loans to subsidiaries	-	-	19,301	12,207
Derivative financial instruments	17	-	357	440
Finance lease receivable	331	279	-	-
Accounts receivable	3,810	3,811	76	65
Amounts due from subsidiaries	-	-	486	1,691
Prepayments, deposits and other receivables	4,965	5,488	712	523
Tax recoverable	1,074	379	-	-
Assets held for sale	-	18,028	-	-
Deposits pledged as collateral	4,320	6,008	2,450	4,006
Cash and bank balances	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

	Group		Company	
	31 December 2016 US\$'000	31 December 2015 US\$'000	31 December 2016 US\$'000	31 December 2015 US\$'000
EQUITY				
Equity attributable to owners of the parent				
Share capital	75,167	75,167	75,167	75,167
Share premium	31,319	31,319	31,319	31,319
Retained earnings	14,460	30,811	3,800	4,789
Hedging reserve	353	(14)	-	(1)
Exchange reserve	525	875	-	-
Share based compensation reserve	-	32	-	32
Capital reserve	(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	131,125	109,842	8,700	1,966
Due to Tokumei Kumiai investors	-	603	-	-
Derivative financial instruments	258	414	588	531
Deferred tax liabilities	504	1,236	-	-
Deferred income	973	-	-	-
Other payables	78	80	-	-
Provision for onerous contract	2,140	-	-	-
Total non-current liabilities	135,078	112,175	9,288	2,497
Current liabilities				
Borrowings	54,291	54,524	16,072	12,485
Due to Tokumei Kumiai investors	1,007	-	-	-
Derivative financial instruments	340	484	357	441
Accounts payable	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	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

NOTES:-

The Group's non-current assets increased by 7.5% from \$249.6 million on 31 December 2015 to \$268.2 million on 31 December 2016. Investment Properties increased by \$5.3 million from \$8.6 million to \$13.9 million due mainly to increase in investments. Property, Plant and Equipment increased by \$23.6 million from \$171.7 million to \$195.3 million due to the (i) delivery of one vessel under Uni-Asia Shipping Limited ("Uni-Asia Shipping") group in 1Q2016, and (ii) the consolidation of the vessel under Joule Asset Management (Pte.) Limited ("Joule") following the acquisition of the remaining 50% shareholding interest in Joule on 31 March 2016 (see announcement dated 1 April 2016) offset by (iii) one-time impairment loss of \$8.6 million taken in 4Q2016. On the other hand, with the delivery of the vessel under Uni-Asia Shipping group, the remaining Deposits for Purchase of Vessels were transferred to Property, Plant and Equipment, resulting in decline in

Deposits for Purchase of Vessels from \$6.8 million to nil. The \$0.6 million non-current Accounts Receivable as at 31 December 2016 comprised of charter income receivables.

Current assets decreased from \$64.6 million on 31 December 2015 to \$59.5 million on 31 December 2016 due mainly to completion of transactions for "Assets held for sale", offset by increase in Loan Receivables from investee companies from \$0.2 million to \$7.0 million mainly due to loans extended to investee companies as part of the Group's investment in the third Hong Kong property project.

Total liabilities increased to \$201.8 million on 31 December 2016 from \$174.0 million on 31 December 2015 due mainly to increase in borrowings for property and ship related investments.

Current assets decreased by 7.9% due to aforementioned reasons, while current liabilities increased by 7.9% due mainly to current portion of provision for onerous contract of \$1.3 million, amount due to Tokumei Kumiai investors of \$1 million, and receipt in advance of future charter from ship charterers of \$1.5 million (under "Other payables and accruals"). Accordingly, current liabilities exceeded current assets by \$7.2 million as at 31 December 2016.

1 (b) (ii) Aggregate amount of group's borrowings and debt securities.

	As at 31 December 2016		As at 31 December 2015	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	28,184	26,107	35,143	19,381
Amount repayable after one year	118,076	13,049	104,905	4,937
Total	146,260	39,156	140,048	24,318

Details of any collaterals

The Group's borrowings are secured by means of:

- legal mortgages over certain cash deposits of the holding company
- legal mortgages over investment properties of the subsidiaries
- legal mortgages over vessels of the subsidiaries
- a legal mortgage over a freehold property under the category of "Property, plant and equipment" of a subsidiary

1 (c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Full year	
		2016 US\$'000	2015 US\$'000
Cash flows from operating activities			
(Loss)/ profit before tax		(11,480)	3,900
Adjustments for:			
Investment returns		(2,134)	(3,961)
Amortisation and depreciation		10,648	9,634
Realisation of negative 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		3,475	-
Provision/ (reversal of provision) for accounts receivable		(109)	61
Net foreign exchange loss		312	558
Interest income		(723)	(718)
Finance costs – interest expense		5,079	3,821
Finance costs – others		316	278
Allocation to Tokumei Kumiai investors		(205)	908
Share based compensation		(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	[A]	12,331	10,302
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		1	-
Deconsolidation of consolidated entities		(1,016)	2,055
Investment in finance lease		287	(8,091)
Hotel lease deposit		(183)	-
Deposits for small residential projects		(453)	-
Transfer from deposits for purchase of vessels		6,846	7,053
Purchase of property, plant and equipment		(25,633)	(86,756)
Proceeds from disposal of property, plant and equipment		15,840	-
Contribution from Tokumei Kumiai investors		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)

	Note	Full year	
		2016 US\$'000	2015 US\$'000
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	[B]	(10,486)	(83,623)
Cash flows from financing activities			
New 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	[C]	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		35,552	30,334

NOTES:

The Group's cash and cash equivalents increased by \$5.2 million in FY2016 due mainly to the followings:

- [A] 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.
- [B] 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.
- [C] 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.

1 (d) (i) A statement for the group and the issuer showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

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 (expense)/ income	-	-	-	(22)	176	-	-	154	(5)	149
Total comprehensive income/ (expense)	-	-	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 interests	-	-	-	-	-	-	-	-	(31)	(31)
Accrual of share based compensation	-	-	-	-	-	32	-	32	-	32
At 31 December 2015	75,167	31,319	30,811	(14)	875	32	(117)	138,073	2,101	140,174
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/ (expense)	-	-	-	367	(350)	-	-	17	115	132
Total comprehensive (expense)/ income	-	-	(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 interests	-	-	-	-	-	-	-	-	(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

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	-	-	-	-	15	15
Total comprehensive income	-	-	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	75,167	31,319	4,789	(1)	32	111,306
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	-	-	-	1	-	1
Total comprehensive income	-	-	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

- 1 (d) (ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in share capital for the three months from the last reporting date of 30 September 2016 to the current reporting date of 31 December 2016.

The Company did not have any convertibles or treasury shares as at 31 December 2016 and 31 December 2015.

- 1 (d) (iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 December 2016	As at 31 December 2015
Total number of issued shares	46,979,280	46,979,280

- 1 (d) (iv) **A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 **Whether the figures have been audited or reviewed and in accordance with which auditing standard of practice.**

The figures have not been audited or reviewed.

- 3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 31 December 2015.

- 5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no significant changes to the accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2015. The adoptions of the new or revised IFRSs that are effective for the annual period beginning 1 January 2016 do not have a significant impact on the Group's results of operations and financial position.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	4 th Quarter		Full year	
	2016	2015	2016	2015
(Loss)/ profit attributable to owners of the parent (US\$'000)	(13,624)	5	(14,166)	2,696
Weighted average number of ordinary shares in issue ('000)	46,979	46,979	46,979	46,979
(Loss)/ earnings per share (US cents per share) - basic and diluted	(29.00)	0.01	(30.15)	5.74

- 7 **Net asset value for the group per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	31 December 2016	31 December 2015
Net asset value per ordinary share based on issued share capital at the end of (in US\$)	2.68	2.98

- 8 **A review of the group performance, to the extent necessary for a reasonable understanding of the group's business. It must include discussion of any significant factors that affected the turnover, costs, and earnings for the current financial period report on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the group during current financial period reported on:**

Review of Income Statement

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

Breakdown of Fee Income:	4 th Quarter ("4Q")			Full year ("FY")		
	2016 US\$'000	2015 US\$'000	% Change	2016 US\$'000	2015 US\$'000	% Change
Asset management and administration fee	511	475	8%	2,237	2,384	(6%)
Arrangement and agency fee	133	1,804	(93%)	2,355	4,652	(49%)
Brokerage commission	98	96	2%	408	663	(38%)
Incentive fee	6	-	N/M	824	97	N/M
	748	2,375	(69%)	5,824	7,796	(25%)

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

Breakdown of Investment Returns:	4 th Quarter ("4Q")			Full year ("FY")		
	2016 US\$'000	2015 US\$'000	% Change	2016 US\$'000	2015 US\$'000	% Change
Interest on bond	-	-	-	-	2	(100%)
Realised gain/ (loss) on investment property	680	(2)	N/M	1,502	3,352	(55%)
Realised gain/ (loss) on investments						
- shipping	56	156	(64%)	220	486	(55%)
- hotel and residential	(1)	79	(101%)	(17)	1,656	(101%)
- small residential property developments	806	285	182%	4,548	810	N/M
- distressed asset	-	-	-	122	900	(86%)
- listed shares	-	-	-	-	478	(100%)
Property rental income	119	-	N/M	186	121	54%
Fair value adjustment on investment properties	(888)	330	N/M	(1,720)	(952)	(81%)
Fair value adjustment on investments						
- shipping	(2,375)	(134)	N/M	(7,073)	(3,152)	(124%)
- commercial office building	2,900	995	191%	5,609	995	N/M
- hotel and residential	(7)	(50)	62%	18	541	(97%)
- small residential property developments	(913)	(332)	(175%)	332	(552)	160%
- listed shares	62	(4)	N/M	52	(400)	113%
Net gain/ (loss) on derivative financial instruments	324	294	10%	(1,645)	(324)	N/M
	763	1,617	(53%)	2,134	3,961	(46%)

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

As announced on 1 April 2016 and in results announcements for 1Q2016, 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 \$1.5 million under Other Income. Upon completion of the purchase price allocation analysis, this amount was adjusted by \$0.6 million in 4Q2016. 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.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results.

Not applicable. The Group has not provided a forecast.

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

The global shipping industry remains weak and the dry bulk shipping market continued to be difficult. Despite ongoing scrapping of aging vessels, excess tonnage still poses a problem. Spot charter rates remain very low. Against this backdrop, ship valuation professionals had revised downwards their assumptions used for ship valuations. As a result, the Group had made further fair valuation loss adjustments and impairment provisions for FY2016 after consulting ship valuation professionals. While the shipping market conditions are expected to remain weak, we are cautiously optimistic that the worst is behind us. In addition, impairment losses made in FY2016 would reduce depreciation expenses for FY2017 for the affected assets.

Meanwhile property investment and hotel operations remains positive. The Group will continue its focus on pursuing its long term strategy of utilising its expertise of a diversified business model which includes property investment and hotel operations, as well as cautious capital management, to ensure a steady and sustainable development of its businesses.

11 Dividend**(a) Current Financial Period Reported On****Any dividend declared for the current financial period reported on?**

Yes.

The Directors are pleased to announce a proposed first and final dividend of S\$0.03 per share for the financial year ended 31 December 2016. Payment of the said dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Name of dividend	Proposed first and final ordinary dividend
Dividend type	Cash
Dividend amount per share	S\$0.03
No. of ordinary shares in issue	46,979,280
Total dividend amount	S\$1,409,378.40
Tax rate	Cayman Islands tax-exempt dividend

These financial statements do not reflect this proposed final dividend, which will be accounted for in shareholder's equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

(b) Corresponding period of the Immediately Preceding Financial Year**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes.

Name of dividend	Proposed first and final ordinary dividend
Dividend type	Cash
Dividend amount per share	S\$0.0625
No. of ordinary shares in issue	46,979,280
Total dividend amount	S\$2,936,205
Tax rate	Cayman Islands tax-exempt dividend

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

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

Not applicable.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Pursuant to Rule 907 of the SGX-ST Listing Manual and the new IPT General Mandate procured from the shareholders of the Company on 29 April 2016, the following interested person transactions had been entered into from 29 April 2016 to 31 December 2016:

Name of Interested Person	Aggregate value of all interested person transactions conducted under the Shareholders' Mandate (excluding transactions less than S\$100,000) pursuant to Rule 920 US\$'000
Yamasa Co., Ltd (and its associates)	594

- 14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments

The segment results are as follows:

	Investment and Asset Management of Ships and Properties, Ship Finance Arrangement US\$'000	Ship Owning and Chartering US\$'000	Investment and Asset Management of Properties in Japan US\$'000	Hotel Operations in Japan US\$'000	Eliminations US\$'000	Group US\$'000
<u>Year ended 31 December 2016:</u>						
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 expense	(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

	Investment and Asset Management of Ships and Properties, Ship Finance Arrangement US\$'000	Ship Owning and Chartering US\$'000	Investment and Asset Management of Properties in Japan US\$'000	Hotel Operations in Japan US\$'000	Eliminations US\$'000	Group US\$'000
Year ended 31 December 2015:						
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 expense	(606)	(3,173)	(193)	(29)	180	(3,821)
Finance costs – others	(109)	(244)	(25)	(5)	105	(278)
Allocation to Tokumei Kumiai Investors	(908)	-	-	-	-	(908)
(Loss)/ profit 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

The segment assets and liabilities are as follows:

	Investment and Asset Management of Ships and Properties, Ship Finance Arrangement US\$'000	Ship Owning and Chartering US\$'000	Investment and Asset Management of Properties in Japan US\$'000	Hotel Operations in Japan US\$'000	Eliminations US\$'000	Group 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

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

For review of performance, please refer to item 8.

17 A breakdown of sales as follows:-

	2016 US\$'000	2015 US\$'000	% Change
Total income reported for first half year	41,525	38,022	9%
Profit after tax for first half year	1,212	4,169	(71%)
Total income reported for second half year	44,773	39,030	15%
Loss after tax for second half year	(13,440)	(649)	N/M

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	31 December 2016 S\$'000	31 December 2015 S\$'000
Ordinary - Proposed first and final Dividend	1,409	2,936

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13).

BY THE ORDER OF THE BOARD

Michio Tanamoto
Chairman and CEO
28 February 2017