UNI-ASIA GROUP LIMITED

STAYING ON COURSE

ANNUAL REPORT 2019

MISSION STATEMENT

We aim 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 recurring returns.

A PRODUCER OF ALTERNATIVE INVESTMENT OPPORTUNITIES

We produce and offer alternative investment opportunities for assets such as vessels and properties to our clients.

AN INTEGRATED SERVICE PROVIDER RELATING TO ALTERNATIVE INVESTMENTS

We provide integrated services relating to alternative asset investments including, but not limited to:

- asset/investment management;
- finance arrangement;
- sale and purchase brokerage of ships and properties;
- ship chartering as a ship owner;
- ship chartering brokerage;
- ship technical management;
- project management;
- property development/ construction management;
- property management and leasing arrangements; and
- hotel operation.

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BUSINESS MODEL

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

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

Charter income provides a recurring income and operating cash flow base that could benefit from a recovering shipping market

Other shipping recurring income including charter hire brokerage fees, ship management fees, asset management fees, agency fees, and commercial management fees add to recurring income base

Hotel income provides a recurring income and operating cash flow base that is aided by increasing number of hotel rooms and events in Japan

Deliver value to stakeholders through:

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

Asset management fee income from licensed property asset management subsidiary, UACJ provides an increasing recurring and operating cash flow base with an increasing assets under management

Ad hoc fees including arrangement fees, brokerage fees, incentive fees provide additional income

Investments returns from ALERO projects from robust Japan property market, ship investments help to lift overall profit

Investments returns from HK property projects completes the overall profit profile of the Group

CHAIRMAN'S MESSAGE

Mr. Michio Tanamoto
Chairman and CEO

> "REGARDLESS OF WHAT LIES AHEAD IN 2020, WE WILL BE RESILIENT, WORK TOGETHER AS A TEAM ACROSS OUR DIFFERENT BUSINESS SEGMENTS, AND **STAY ON COURSE** TO ACHIEVE GOOD RESULTS TOGETHER."

Dear Valued Shareholders,

On behalf of the Board and management, it is my pleasure to present to you the Annual Report of Uni-Asia Group Limited and its subsidiaries (the "Group" or "Uni-Asia") for the financial year ended 31 December 2019 ("FY2019").

THE YEAR IN REVIEW

The Group recorded a profit of US$6.6 million for FY2019, a 68% increase from FY2018. Shipping recorded a profit of US$3.5 million in FY2019 compared to a loss of US$5.7 million in FY2018, while Property and Hotels recorded a profit of US$7.7 million compared to US$14.3 million in FY2018. Headquarter expenses in FY2019 was around the same level as FY2018 at US$4.7 million.

The dry bulk shipping market was disappointing in FY2019 although there were high expectations at the beginning of 2019. Confronted with catastrophic events from man-made disasters (Vale dam collapse) to natural calamities (Cyclone Veronica in Australia), as well as challenging market conditions, any hope that 2019's dry bulk market would be better than that of 2018 was dashed in early 2019. Except for a brief period from 15 August to 11 October, Baltic Handysize Index's 2019 level was below that of 2018. Against this backdrop, our shipping team, especially our ship commercial management team, worked hard to navigate this difficult market to secure the best charter rates for the Group's ships which charters expired during the year. Training for crew was enhanced to reduce ship incidents that may increase costs.

Our Shanghai ship management subsidiary, Wealth Ocean Ship Management (Shanghai) held its first crew seminar in Hangzhou China to share ship management experience so as to raise safety and operation standards of our crew. Separately, our structured finance arrangement deal team worked tirelessly to secure new deals and brought in more than US$1 million ad hoc fees in 2019, with ongoing deals for fees in 2020. Together, our shipping team achieved a profit of US$3.5 million for the Group's shipping business in FY2019.

Property and hotel business segment contributed US$7.7 million to the Group's profit. During the year, the Group recognised additional gains of US$1.9 million and US$4.2 million from the Group's 2nd and 3rd Hong Kong property investments respectively. Property Investment ex Japan business segment in which Hong Kong property was held, recorded a profit of US$5.8 million for FY2019. In January 2020, we invested HK$53.75 million or US$6.85 million in the Group's 7th Hong Kong property project, for an effective ownership of 8.27% in the consortium led by our partner, First Group. This project was purchased from another developer who had completed foundation work, and our consortium will continue with the construction of the project for target completion in the year 2022. While the current market in Hong Kong may be challenging, it presents opportunities for the purchase which we believe would allow us to reap the gains when the crisis in Hong Kong settles down.

Meanwhile, the Group's small residential property projects in Japan, "ALERO" series, continue to generate good returns and cash flow for the Group, with average internal rate of returns of more than 20%. Our property asset management subsidiary in Japan, Uni-Asia Capital (Japan) Ltd ("UACJ"), not only manages ALERO projects, but also continually explore new business opportunities for the Group. UACJ expanded its property asset management capabilities in Japan and added healthcare assets as part of its assets under management since 2018. With this addition, UACJ's asset management property sub-segments include (i) hotel/hostel assets, (ii) residential assets; and (iii) healthcare assets. Assets under management as at end of 2019 for these three sub-segments was JPY9.2 billion for hotel/hostel assets; JPY6.8 billion for residential assets; and

GROUP PROFIT FOR FY2019

US$6.6 MILLION

GROUP CASH INFLOW FOR FY2019

US$12.6 MILLION

CHAIRMAN'S MESSAGE

The Group's small residential property projects in Japan, "ALERO" series, continue to generate good returns and cash flow for the Group.

JPY10.2 billion for healthcare assets; totalling JPY26.2 billion for all 3 sub-segments. In early 2019, Hotel Vista Nagoya-Nishiki, in which Uni-Asia Investment Ltd. ("UAI") invested and UACJ asset managed, was disposed at a gain of US$5.2 million (US$4.3 million after impact of IFRS 16 lease accounting).

With regard to the Group's hotel operating business, the hospitality scene in Japan had been challenging in 2019, with more players coming into the market increasing competition from the supply side, while facing both external travel factors (such as Korean-Japan issue) and natural disasters (such as typhoons) affecting the demand side. In 2019, Japan was hit by several typhoons, including Typhoon Hagibis, the strongest typhoon in decades to strike mainland Japan and one of the largest typhoons to be recorded. Such natural disasters affected performance of our hotels to various degree. In FY2019, our hotel operations earned US$0.3 million before effect of IFRS 16 lease accounting, and loss of US$2.3 million after lease accounting impact. For more information on lease accounting impact on our hotel operation, please refer to my message last year.

DIVIDEND

On 8 April 2019, the Board announced that we will payout at least 35% of the Group's FY2019's profit as dividend, and dividend will be paid semi-annually. On 27 September 2019, the Group paid its first interim dividend of S$0.02 per share. Following the Group's FY2019's full year profit of US$6.6 million, the Board is recommending a final dividend of S$0.022 per share. Total dividend for FY2019 following this final dividend is S$0.042 per share, amounting to around US$2.42 million or 36.7% of the Group's FY2019 profit.

CORPORATE ACTIONS AND INVESTOR RELATION INITIATIVES

In 2019, we set in motion several corporate actions and investor relation initiatives following feedback from investors and professionals in order to raise profile of the Group so that shareholders can derive better value from our shares. We started with a private placement exercise in April 2019 to bring in new shareholders to the Group. We successfully brought in a few institutional investors as well as family offices. Thereafter, we set and announced our dividend policy and guidance. In May 2019, we did a bonus share issue where we issued one bonus share for every two existing shares held. The target is to increase our share float so as to address our share liquidity issue. In addition to these corporate actions, we also doubled up our investor relation efforts, including an analysts' trip for analysts from the bigger brokerage houses in Singapore to introduce our operations in Japan, as well as engaging local media including an interview with local station 89.3 FM. This is in addition to our usual quarterly results briefing, as well as lunchtime briefing at various brokerage houses. We will continue to do all we can and hope that our investor relation effort, led by myself, can help our shareholders realise the true value of our shares.

COVID-19 PANDEMIC

As I am drafting this message, the COVID-19 Pandemic is still ongoing. It is clear that the global economy will be adversely affected by this pandemic. While it is unclear what the impact will be for our property business, we are quite certain our shipping and hotel operation business would be badly affected. As shipping research company Tradewind News' headline reads "When contagion strikes China, shipping markets catch a cold". More than ever before, China has become a major player in shipping business, both in the supply and demand side. As China's economy slows down, and the various restrictions in and out of China are being put in place, both by China and countries around the world, shipping market faces unprecedented challenges ahead.

In Japan, our hotel operation business will also see a drop in occupancy rates, and possibly room rates, brought about change in travel pattern as a result of the pandemic. We are already seeing cancelling of bookings at our hotels. While it is too early to conclude that our hotel operation business will not do well in 2020, we hope investors could understand and not be overly optimistic on our hotel operations' performance in 2020.

CONCLUSION

I have been holding the positions of both Chairman and CEO since 2014. The Board recognises that good corporate governance advocates that it is preferable that the positions of Chairman and CEO be held by separate persons. As such, the Board had appointed three new Executive Directors on 1 March 2018. As mentioned in the announcement dated 1 March 2018, the appointment was to facilitate the progressive renewal of the Board by widening the pool of candidates from which a possible successor of the CEO may be appointed. I am pleased to announce that I am stepping down as CEO from 30 April 2020, and Mr. Kenji Fukuyado is appointed CEO from 30 April 2020. Mr. Fukuyado has extensive experience in the various aspects of the Group, and has the support of the Board and management to lead the Group. I will continue to hold the position of Chairman, and we have established new policies to distinguish between the roles and responsibilities of the Chairman and CEO. This is our commitment to good corporate governance.

I would like take this opportunity to thank the Board, management and employees for the hard work, dedication and commitment, as well as our clients, business partners, bankers and our shareholders for the continued support, both to me and to the Group. I trust that you will extend the same support to Mr. Fukuyado as CEO, and am confident that he will give his best to the Group. Regardless of what lies ahead in 2020, we will continue to work hard and smart for our stakeholders, especially our shareholders. It is in times like this that we need to be resilient, to work together as a team across our different business segments, and stay on course to achieve good results together.

MICHIO TANAMOTO

Chairman and CEO
Uni-Asia Group Limited

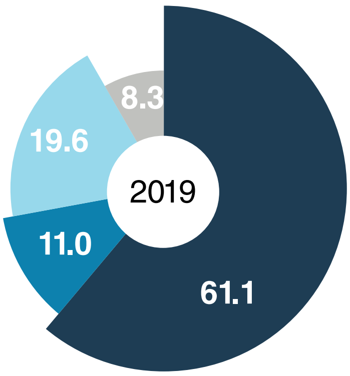
16 March 2020

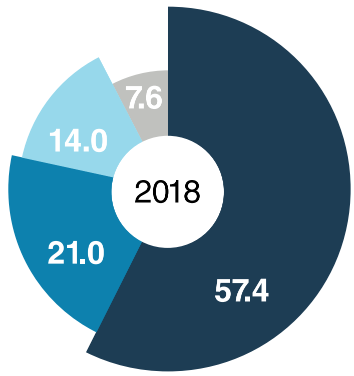
GROUP FINANCIAL HIGHLIGHTS

SHARE CAPITAL INFORMATION

Number of Ordinary Shares:	SGX Stock Code:	Bloomberg Stock Code:
78,599,987	**CHJ**	**UAG:SP**

TOTAL ASSETS ALLOCATION EXCLUDING ROU* ASSETS (%)

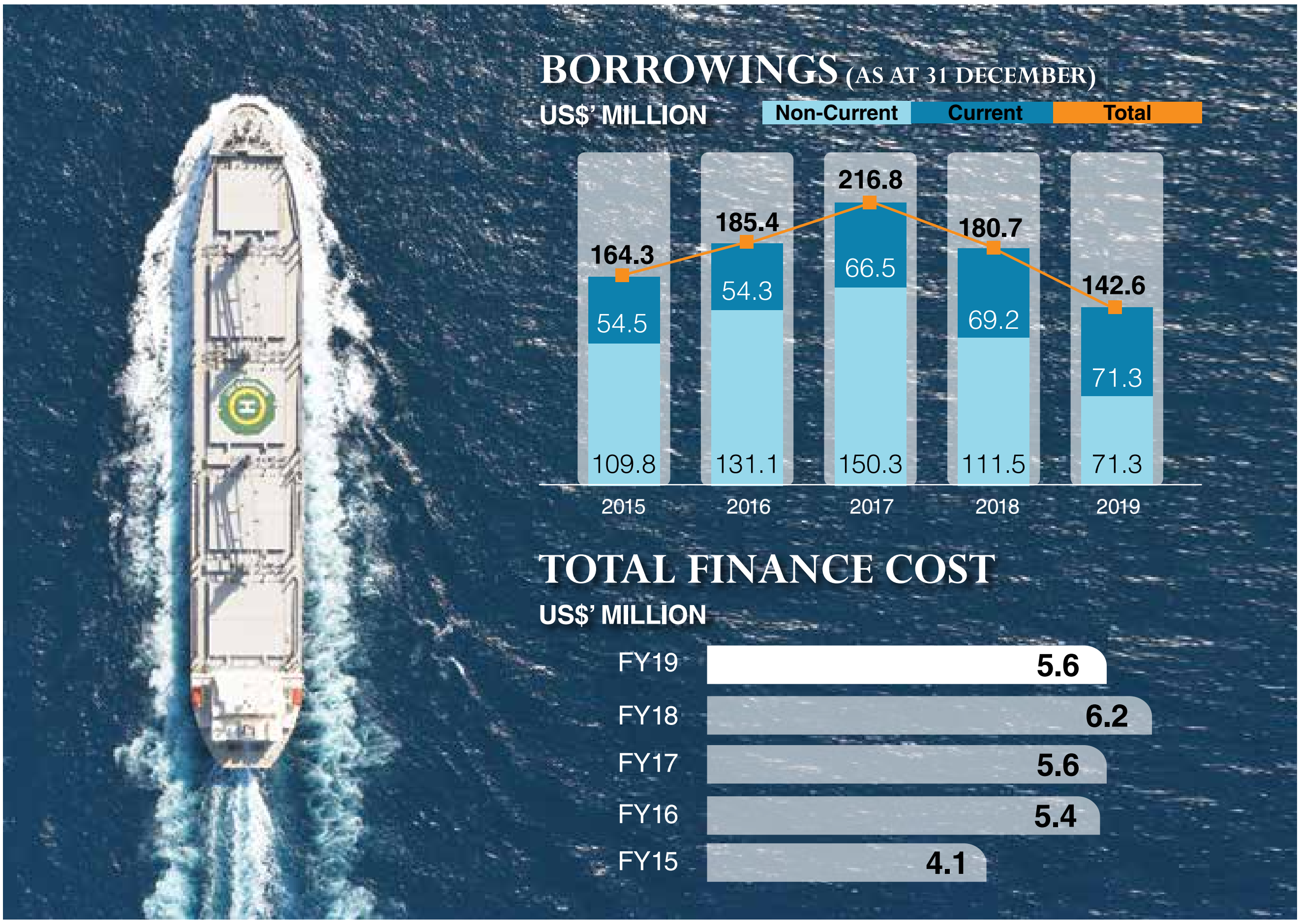




Maritime Investment | Property Investment | Cash and Cash Equivalents | Others

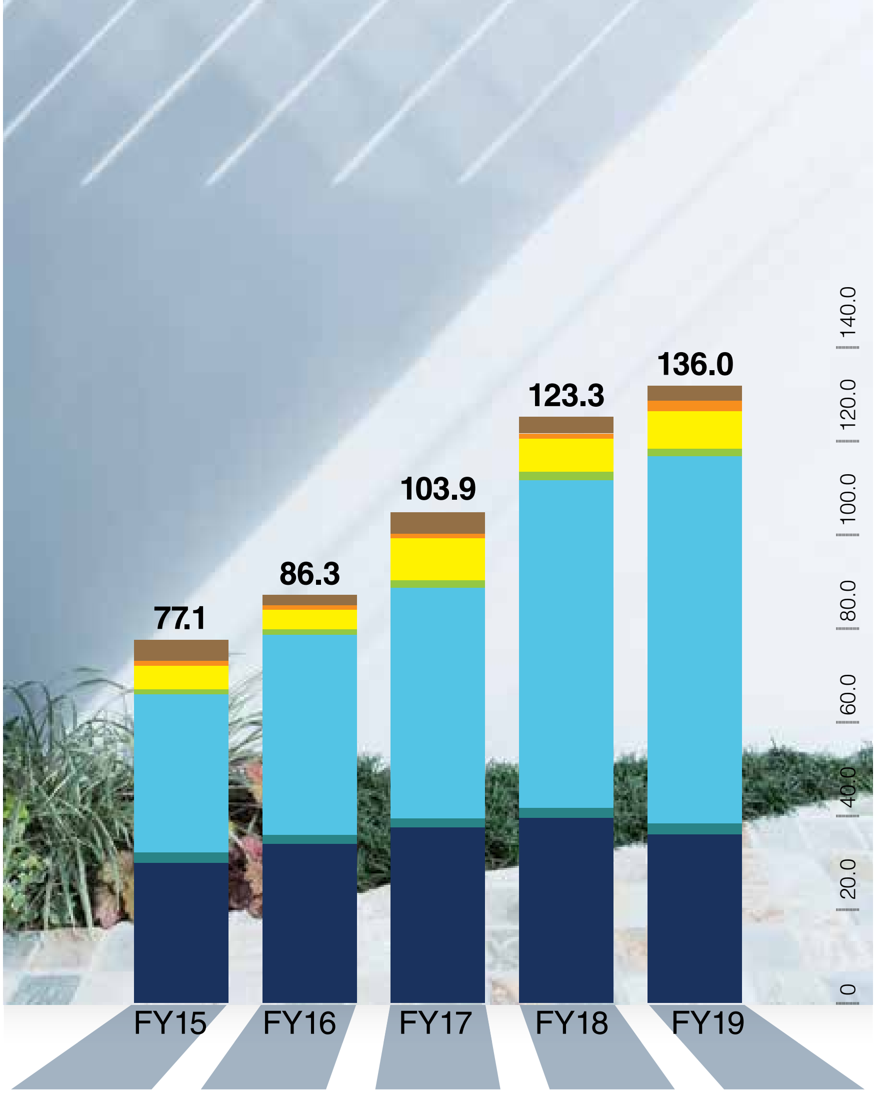
US$'million	As at 31 December 2019	As at 31 December 2018
Total assets excluding ROU assets	299.9	334.2
Add:		
ROU – Vessel	2.6	-
ROU – Hotels	290.1	-
ROU – Office	1.5	-
Total assets per balance sheet	**594.1**	**334.2**

* ROU: Right-of-Use



TOTAL INCOME TREND

US$' MILLION



NON-RECURRING INCOME

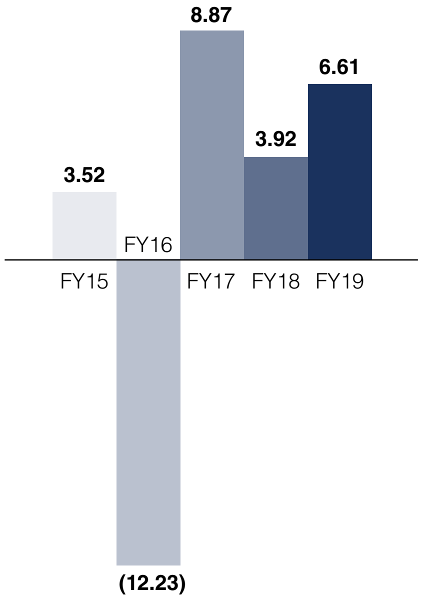
- Arrangement & Agency Fee
- Brokerage Commission
- Other Non-Recurring Income

RECURRING INCOME

- Charter Income
- Asset Management & Administration Fee
- Hotel Income
- Other Recurring Income

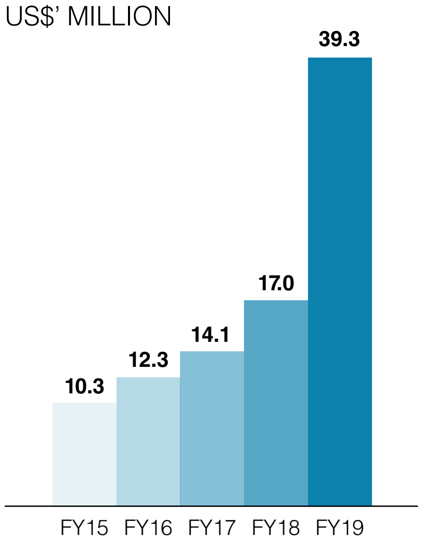
NET PROFIT / (LOSS) AFTER TAX

US$' MILLION



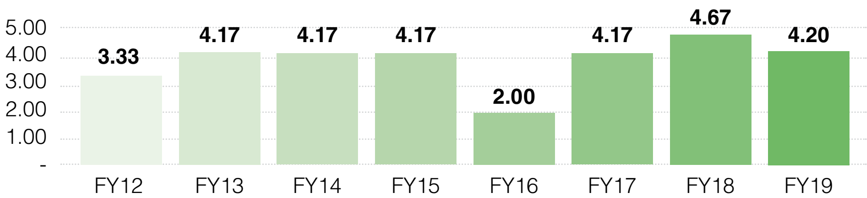
OPERATING CASH FLOWS

US$' MILLION



DIVIDEND PER SHARE

SG CENTS / SHARE[(1)]



Note:

(1) Total number of shares used for computing dividend per share for FY2012 to FY2018 are adjusted for corporate actions so that they are comparable to FY2019 dividend per share.

GROUP FINANCIAL REVIEW

(Figures are in US$ unless otherwise stated)

1. GROUP FINANCIAL PERFORMANCE

Selected Data	Group FY2019 US$'000	Group FY2018 US$'000	% Change
Charter income	36,525	39,644	(8%)
Fee income	7,790	7,003	11%
Hotel income	81,244	68,587	18%
Investment returns	8,776	5,760	52%
Interest and other income	1,677	2,287	(27%)
Total income	136,012	123,281	10%
Total operating expenses	(116,365)	(111,422)	4%
Operating profit	19,647	11,859	66%
Profit before tax	7,476	4,353	72%
Income tax expense	(871)	(433)	101%
Profit for the year	6,605	3,920	68%

Total Income

Total income of the Group was $136.0 million for FY2019, a 10% increase from FY2018. Changes in major components of total income, including charter income, fee income, hotel income and investment returns are explained below.

1) **Charter Income**
   Charter income decreased by 8% from $39.6 million in FY2018 to $36.5 million in FY2019. The total number of wholly-owned/majority-owned ships contributing to the Group's charter income for the first 3 months of 2019 was 11 compared to 12 during the first 3 months of 2018 as a vessel was disposed in April 2018. Although the number of wholly-owned/majority-owned ships contributing to the Group's charter income was 11 for the next 9 months of both 2019 and 2018, dry bulk market deteriorated badly during 2019, and the average 2019 dry bulk shipping market was weaker than 2018. In addition, scheduled maintenance dry-docking of some of the Group's ships reduced the charter hire days and hence charter income. The charter for the Group's sole wholly-owned containership was also weaker in FY2019 compared to FY2018 due to uncertainties arising from trade war in FY2019.

2) **Fee Income**
   Total fee income at $7.8 million for FY2019 represented an 11% increase from FY2018. Asset management and administration fee increased by 23% to $3.2 million mainly due to increase in assets under management of the Group's property asset management subsidiary, Uni-Asia Capital (Japan) Limited ("UACJ"). Arrangement and agency fee for FY2019 at $2.8 million was less than FY2018 by 19% due to less arrangement deal transactions in FY2019. The increase in brokerage commission to $1.3 million in FY2019 from $0.5 million in FY2018 was due to more brokerage commission deals closed in FY2019. Incentive fees earned by subsidiary UACJ from meeting targets in managing Japan property projects increased by 27% to $0.6 million in FY2019.

3) **Hotel Income**
   Hotel income increased by 18% from $68.6 million in FY2018 to $81.2 million in FY2019. Average occupancy rates for the Group's hotels increased to 83.3% for FY2019 compared to 80.5% for FY2018. Average daily room rate for FY2019 increased by 3.0% compared to FY2018.

4) **Investment Returns**
   Investment returns for FY2019 was a gain of $8.8 million compared to $5.8 million for FY2018.

   Realised gain on investment properties was $1.3 million for FY2019.

   Realised gain from ship and property investments contributed $6.8 million to investment returns for FY2019.

Total Operating Expenses

The Group's employee benefits expenses and hotel operating expenses increased by 8% and 17% respectively in FY2019 compared to FY2018. With increased business activities as the new hotels which opened between April 2018 and August 2018 (towards end of 4Q2018) became more established in 2019, more expenses were incurred. In addition, one new hotel started operation in December 2019. The total number of hotel rooms available for sale (i.e. room inventory) had increased from around 848 thousand rooms during FY2018 to around 938 thousand rooms during FY2019.

All long term hotel and ship leases of the Group are accounted according to IFRS 16 Leases. This has resulted in depreciation of right-of-use assets of $21.9 million in FY2019 and decrease in hotel lease expenses by 65% from $23.5 million in FY2018 to $8.2 million in FY2019. Hotel lease expenses are in respect of those leases of the Group that are outside the scope of IFRS 16.

In FY2019, the Group disposed of a hotel held as property, plant and equipment ("PPE") through a consolidated Godo Kaisha entity. The disposal resulted in a gain of $4.3 million which was recognised as gain on disposal of PPE.

Due to the above factors, the Group's net operating expenses increased by 4% for FY2019 compared to FY2018.

Operating Profit

Operating profit of the Group increased by 66% from $11.9 million for FY2018 to $19.6 million for FY2019.

Net Profit After Tax

The Group posted a net profit after tax of $6.6 million for FY2019, a 68% increase from $3.9 million in FY2018.

2. CASH FLOWS

Selected Data	Group FY2019 US$'000	Group FY2018 US$'000
Net cash flows generated from operating activities	39,343	16,999
Net cash flows generated from investing activities	43,892	35,405
Net cash flows used in financing activities	(71,037)	(49,805)
Net increase in cash and cash equivalents	12,198	2,599
Net effects of foreign exchange rate changes	429	307
Cash and cash equivalents at beginning of the year	43,462	40,556
Cash and cash equivalents at end of the year	56,089	43,462

The Group's cash and bank balances increased by $12.6 million in FY2019 after the effects of foreign exchange rate changes mainly due to the followings:

1) Cash flows generated from operating activities amounted to $39.3 million for FY2019 compared to $17.0 million for FY2018. Following the adoption of IFRS 16 Leases, fixed lease payments are classified as lease principal and lease interest paid under cash flows from financing activities, when under IAS 17, such payments were classified as expense paid in net profit before tax under operating cash flows. As a result, operating cash flows increased.

2) Cash flows generated from investing activities were $43.9 million for FY2019.

   Main cash inflows from investing activities include:

   i) proceeds from disposal of a hotel which was classified under property, plant and equipment of $27.8 million;
   ii) proceeds from redemption/sale of investments of $13.5 million, of which $8.5 million pertained to Hong Kong property investment projects, $2.9 million pertained to small residential property projects (ALERO projects), and $2.1 million pertained to ship investment;
   iii) proceeds from sale of investment properties (ALERO projects) of $9.1 million; and
   iv) income proceeds from investments of $13.4 million, of which $13.2 million pertain to dividend proceeds from Hong Kong property investment projects.

   Main cash outflows from investing activities include:

   i) investment in investment properties (ALERO projects) of $7.7 million;
   ii) purchase/ additional funding of investments of $7.0 million;
   iii) purchase of property, plant and equipment of $2.8 million mainly pertained to capitalised dry-docking expenses;
   iv) cash outflow of $2.3 million as a result of deconsolidation of consolidated Godo Kaisha entities;
   v) net redemption from Tokumei Kumiai investors of $1.5 million from ALERO investments; and
   vi) net loans advance of $0.9 million.

3) Cash flows used in financing activities were $71.0 million in FY2019.

   Main cash outflows from financing activities include:

   i) repayments of borrowings offset by new borrowings in FY2019;
   ii) fixed lease payments classified as lease principal paid (amounting to $20.7 million) and lease interest paid (amounting to $4.7 million) under cash flows from financing activities in FY2019 following the adoption of IFRS 16 Leases;
   iii) dividend of $3.8 million paid of which $2.7 million pertained to final dividend for FY2018 paid in 2Q2019 and $1.1 million pertained to interim dividend for FY2019 paid in 3Q2019; and
   iv) payment to non-controlling interest of $3.3 million.

On 4 April 2019, the Company allotted and issued 5,420,720 new ordinary shares of the Company in connection with a placement undertaken by the Company at S$1.08 per share with a gross proceed of approximately S$5.85 million which partially reduces the cash outflows from financing activities.

CORPORATE

1997

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

1998

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

2000

- Subsidiary Capital Advisers Co., Ltd. ("Capital Advisers") was established in Japan for property investment and management.

2004

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

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.

2007

- Successfully listed on the Main Board of SGX-ST.
- Launched Akebono Fund.

2009

- Issued 52,199,200 new shares via private placement. Issued shares increased to 313,195,200 shares.

2010

- Uni-Asia Shipping Limited was established as main ship-owning subsidiary.

2011

- Issued 156,597,600 new shares by way of Rights Issue. Issued shares increased to 469,792,800 shares.

2012

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

2013

- Company name was from Uni-Asia Finance Corporation to "Uni-Asia Holdings Limited".
- Established Uni Ships and Management (Taiwan) Limited in Taiwan.
- Acquired 51% stake in ship management company Wealth Ocean Ship Management Shanghai Co., Ltd.

2014

- Invested in the 2nd Hong Kong property redevelopment project.

2015

- 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.
- 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.

MILESTONES

2016

- Took delivery of the 9th vessel owned by Uni-Asia Shipping in January completing Uni-Asia Shipping's portfolio.
- Invested in the 3rd Hong Kong property redevelopment project.
- Jointly invested in an Alero project with Singapore based CPG Investments Pte Ltd, an attestation to the quality of Alero investments.

2017

- The Group celebrated its 20th year of founding.
- The Group completed a scheme of arrangement in June where Singapore incorporated **Uni-Asia Group Limited** did a share-swap with the shareholders of Uni-Asia Holdings Limited, following which, Uni-Asia Group Limited was listed on and Uni-Asia Holdings Limited was delisted from the Main Board of SGX-ST.
- Revamped aesthetically re-designed corporate website, which aims to improve user interface and appeal, was launched.

2018

- Disposed of M/V Orient Sunrise, the oldest dry bulk carrier in Uni-Asia Shipping's portfolio.
- Disposed of Hotel Vista Kumamoto Airport.
- Invested in the 4th, 5th and 6th Hong Kong property redevelopment project.
- Uni-Asia Career Support Ltd. was established to provide human resource placement services to the hospitality industry in Japan.

2019

- In March, the Group placed out 5,420,720 new shares increasing the issued shares to 52,400,000.
- The Group announced in April its Group dividend policy to pay out at least 35% and 40% profit for FY2019 and FY2020 respectively. Dividend to be paid semi-annually.
- The Group paid its first interim dividend on 27 September 2019.
- The Group completed a 1 for 2 bonus shares issue on 7 June 2019 aimed at rewarding shareholders and to enhance trading liquidity. Total number of shares increased from 52,400,000 to 78,599,987.
- Received more proceeds from 2nd Hong Kong property redevelopment project as well as capital and gain from 3rd Hong Kong property redevelopment project.
- Increased shareholding in Hope Bulkship S.A. from 83% to 100%.
- Increased shareholding in Regina Bulkship S.A. from 51% to 100%.
- Liquidated Uni Ships and Management (Taiwan) Limited and Uni Ships and Management Korea Ltd to centralise the function of promoting ship-related services in Hong Kong.

BUSINESS SEGMENTS

SHIPPING
(and related Financial Services)

Uni-Asia Shipping	Maritime Asset Management	Maritime Services
Ship Owning and Chartering	Investment / Asset Management of Ships	Commercial / Technical Management of Ships
	Finance Arrangement	Ship Related Brokerage Services

PROPERTY & HOTEL
(and related Financial Services)

Property Investment (ex Japan)	Property Investment (in Japan)	Vista Hotel Management
Investment / Asset Management of Properties ex-Japan	Investment / Asset Management of Properties in Japan	Hotel Operation in Japan

HEADQUARTERS

Headquarters' Shared Corporate Services

INCOME STRUCTURE

CLASSIFICATION OF INCOME PER INCOME STATEMENT	SUB-CLASSIFICATION OF INCOME
Charter Income	
Fee Income	Asset Management & Administration Fee
	Arrangement & Agency Fee
	Brokerage Commission
	Incentive Fee
Hotel Income	
Investment Returns	Realised Gain / (Loss)
	Fair Value Adjustment
	Property Rental
Interest Income	

BUSINESS SEGMENTS

SHIPPING (and related Financial Services)	PROPERTY & HOTEL (and related Financial Services)
Chartering of vessels to third parties	
Asset management and administration of investment fund / investment companies Commercial / Technical Management	Asset management and administration of investment fund / investment companies
Finance arrangement / Agency work / Arrangement of acquisition and disposal	Finance arrangement / Agency work / Arrangement of acquisition and disposal
Brokerage of vessel charter	
Fees for meeting investment target	Fees for meeting investment target
	Management of hotel operations
Realised gain and loss on investments / financial instruments	Realised gain and loss on investments / financial instruments
Fair value adjustments on investments / financial instruments	Fair value adjustments on investments / financial instruments
	Rental from investment properties / hotels
Bank deposit interest / Interest from bridge or shareholders' loan	Bank deposit interest and finance lease interest

SHIPPING BUSINESS

BUSINESS STRATEGY:

Provision of one-stop integrated ship-related investment and service solution

- Ship investments for ship investors
- Ship chartering and management for ship operators
- Ship finance arrangement solutions for ship owners

OBJECTIVE:

To provide the Group with recurring income base from charter and administration/management fee with ad hoc fee income as revenue booster

MAIN SHIP TYPE:

Handysize and Supramax Dry Bulk Carriers

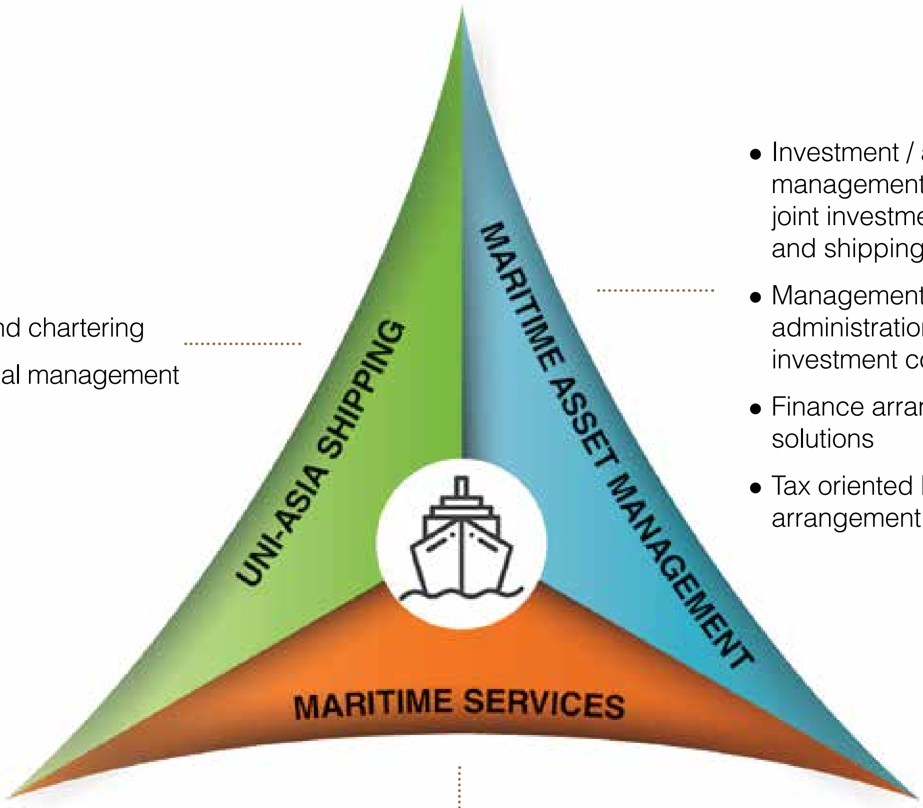
- Versatile in cargo load – able to carry wide varieties of commodities
- Size of ships are small enough to call on smaller ports
- Ships fitted with crane for ease of loading and unloading cargoes at less developed ports
- Sale and purchase market as well as charter market for such ship-sizes are more liquid hence pricing is more efficient

BUSINESS APPROACH TO MAXIMISE SHIP RETURNS

- Acquire ships at competitive prices
- Optimise charter types with best possible period and rate for ships open for charter
- Work with reputable charterers with good credit standing
- Minimise ships' operating incidents by working with reputable ship managers including in-house ship management company
- Work closely with ship managers to control ships' operating expenses

OVERVIEW OF THE GROUP'S SHIPPING SUB-SEGMENTS

- Ship owning and chartering
- Ship commercial management



- Investment / asset management of ships under joint investment companies and shipping fund
- Management and administration of joint investment companies
- Finance arrangement solutions
- Tax oriented lease arrangement

- Shipping related brokerage services for chartering as well as sale and purchase of ships
- Ship technical management

SHIPPING BUSINESS

UNI-ASIA SHIPPING

- Ship owning subsidiary focusing on owning a portfolio of dry bulk carriers to provide stable recurring charter income and operating cash flow
- Provides commercial management

UNI-ASIA SHIPPING PORTFOLIO (100% OWNED)

Name	Uni Auc One*
Tonnage	28,709 dwt
Year Built	2007
Shipyard	Shin-Kurushima

*Bareboat vessel

Name	Victoria Harbour
Tonnage	29,100 dwt
Year Built	2011
Shipyard	Y-Nakanishi

Name	Clearwater Bay
Tonnage	29,118 dwt
Year Built	2012
Shipyard	Y-Nakanishi

Name	Ansac Pride
Tonnage	37,094 dwt
Year Built	2013
Shipyard	Onomichi

Name	Island Bay
Tonnage	37,649 dwt
Year Built	2014
Shipyard	Imabari

Name	Inspiration Lake
Tonnage	37,706 dwt
Year Built	2015
Shipyard	Imabari

Name	Glengyle
Tonnage	37,679 dwt
Year Built	2015
Shipyard	Imabari

Name	Uni Bulker
Tonnage	37,700 dwt
Year Built	2016
Shipyard	Imabari

MARITIME ASSET MANAGEMENT

- Manages a portfolio of wholly owned as well as joint-investment ships
- Receives fees from managing and administering joint-investments
- Provides finance arrangement solutions

MARITIME ASSET MANAGEMENT PORTFOLIO

	Name of Joint Investment Company	Ownership Percentage	Type	Capacity	Shipyard	Year of Built
1.	Fulgida Bulkship S.A.	100%	Bulker	29,256 DWT	Y-Nakanishi	2009
2.	Joule Asset Management (Pte.) Limited	100%	Bulker	29,078 DWT	Y-Nakanishi	2012
3.	Florida Containership S.A.	100%	Containership	3,500 TEU	Hyundai Mipo	2007
4.	Fortuna Containership S.A.	50%	Containership	3,500 TEU	Hyundai Mipo	2007
5.	Prosperity Containership S.A.	50%	Containership	4,300 TEU	Hyundai Mipo	2007
6.	Rich Containership S.A.	50%	Containership	4,300 TEU	Hyundai Mipo	2007
7.	Matin Shipping Ltd. *	49%	Bulker	38,278DWT	Imabari	2011
8.	Olive Bulkship S.A. *	18%	Bulker	57,836 DWT	Tsuneishi	2015
9.	Polaris Bulkship S.A. *	18%	Bulker	57,836 DWT	Tsuneishi	2015
10.	Quest Bulkship S.A. *	18%	Bulker	37,700 DWT	Imabari	2016
11.	Stella Bulkship S.A. *	18%	Bulker	37,700 DWT	Imabari	2018
12.	Unicorn Bulkship S.A. *	18%	Bulker	36,300 DWT	Oshima	2018
13.	Victoria Bulkship S.A. *	18%	Bulker	36,300 DWT	Oshima	2018
14.	Tiara Bulkship S.A. *	18%	Bulker	37,700 DWT	Imabari	2020

* Bareboat vessels

(*AS AT 31 DECEMBER 2019*)

MARITIME SERVICES

- Provides commercial and technical management of ships through flagship companies Uni Ships and Management Limited and Wealth Ocean Ship Management (Shanghai) Co., Ltd
- Provides ship related brokerage services for chartering as well as sale and purchase of ships
- With in-house ship management team, upkeep and thus value of ships are better managed

Crew and guests at the inaugural crew seminar organised by subsidiary Wealth Ocean Ship Management (Shanghai)

PROPERTY AND HOTEL BUSINESS

The Group's Property and Hotel business segment can be divided into three sub-segments:

- **Property Investment ex Japan**
- **Property Investment in Japan**
- **Vista Hotel Management**

PROPERTY INVESTMENT EX JAPAN

Managed by Property Investment Department based in Hong Kong providing the following services:

- Property investment advisory
- Investment / joint investment in property projects in China, Hong Kong 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 management

PROPERTY INVESTMENT EX JAPAN PORTFOLIO:

2nd Hong Kong Property Project

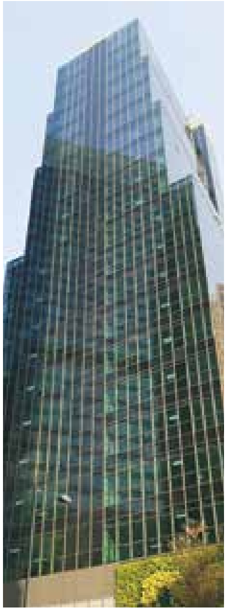
Location:	650 Cheung Sha Wan Road, Hong Kong Building is named "China Shipbuilding Tower" ("中國船舶大廈")
Investment:	HKD80.0 million (around USD10.4 million) representing 13.4% effective ownership
Year of initial investment:	2014
Construction completion:	2018

Proceeds: Total proceeds of HKD208 million, comprising HKD80 million capital and HKD128 million realised gain, have been received.

3rd Hong Kong Property Project

Location:	83 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong
Investment:	HKD50.0 million (around USD6.4 million) representing 11.9% effective ownership
Year of initial investment:	2016
Construction completion:	2019

Proceeds: Total proceeds of HKD86.75 million, comprising HKD50 million capital and HKD36.75 million realised gain, have been received.



4th Hong Kong Property Project

Location:	18 – 20 Tai Chung Road, Tsuen Wan, Hong Kong
Investment:	HKD25 million (around USD3.2 million) representing 2.5% effective ownership
Year of initial investment:	2018
Expected completion:	2021

5th Hong Kong Property Project

Location:	71 – 75 Chai Wan Kok Street, Tsuen Wan, Hong Kong
Investment:	HKD26.81 million (around USD3.4 million) representing 7.5% effective ownership
Year of initial investment:	2018
Expected completion:	2021

6th Hong Kong Property Project

Location:	1016 – 1018 Tai Nam West Street, Kowloon, Hong Kong
Investment:	HKD48.2 million (around USD6.2 million) representing 3.825% effective ownership
Year of initial investment:	2018
Expected completion:	2022

7th Hong Kong Property Project

Location:	11 – 15 Chai Wan Kok Street, Tsuen Wan, Hong Kong
Investment:	HKD53.75 million (around USD6.85 million) representing 8.27% effective ownership
Year of initial investment:	2018
Expected completion:	2021

PROPERTY AND HOTEL BUSINESS

PROPERTY INVESTMENT IN JAPAN

UACJ and UAI

Japan subsidiary, Uni-Asia Capital (Japan) Ltd. ("UACJ"), a licensed asset management company in Japan, provides the following services:

- 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

Investment in Japan are held by subsidiary Uni-Asia Investment Ltd ("UAI").

ALERO Series

- UACJ develops small residential property projects in Tokyo under the brand name "ALERO" Series.
- Investments in ALERO are held under UAI.
- ALERO Projects are typically 4 - 5 storey buildings with 10 - 30 units of studio or maisonette type flats, popular with working singles/couple.
- Suitable land would be purchased, developed, leased out rental income or sold for investment gain.
- Average investment period of less than 2 years and investment amounts between USD3 million to USD5 million.

CONSTRUCTION MANAGEMENT IN JAPAN

UACJ also provides construction management services to external clients utilising ALERO expertise

STEP 1 — Search for suitable site

STEP 2 — Due diligence / market research / site research

STEP 3 — Architect / construction company selection & appointment

STEP 4 — Agreement documentation

STEP 5 — Liaise with architect / construction company

STEP 6 — Construction monitoring

STEP 7 — Upon completion of construction – leasing management

SMALL RESIDENTIAL PROJECTS

IN TOKYO, JAPAN

COMPLETED PROJECTS

1. Shimo Meguro (SOLD)
2. Akebonobashi (SOLD)
3. Hatagaya (SOLD)
4. Sakura-shimmachi (SOLD)
5. Honancho (SOLD)
6. Sengoku (SOLD)
7. Ookayama (SOLD)
8. ChitoseFunabashi (SOLD)
9. Mejiro (SOLD)
10. Ookayama3 (SOLD)
11. Hakusan2 (SOLD)
12. Edogawabashi (SOLD)
13. Nishi Waseda (SOLD)
14. Otowa (SOLD)
15. Higashi Shinjuku (SOLD)
16. Nakano Sakaue (SOLD)
17. Sasazuka (SOLD)
18. Higashi Koenji (SOLD)
19. Nakano 3-chome (SOLD)
20. Okusawa (SOLD)
21. Nishi Kamata (SOLD)
22. Hakusan III (SOLD)
23. Yushima I (SOLD)
24. Sangenjaya (SOLD)
25. Azabujuban (SOLD in Jan 19)
26. Koenji Minami (SOLD in Dec 18)
27. Yushima II (SOLD in Jan 19)
28. Nakanosakuue (SOLD in Mar 19)
29. Komazawa daigaku (SOLD in Apr 19)
30. Sangenjaya II (SOLD in Sep 19)
31. Higashi Shinjuku II (SOLD in Dec 19)

PROJECTS UNDER LEASE

32. Takadanobaba (LEASING PROJECT)

PROJECTS UNDER CONSTRUCTION / PLANNING

33. Takadanobaba II (scheduled for completion in Mar 2020)
34. Ikejiri Ohashi (scheduled for completion in Dec 2020)
35. Sengoku II Project (scheduled for completion in Apr 2020)
36. Senzoku (scheduled for completion in Feb 2020)
37. Sasazuka II (scheduled for completion in Aug 2020)
38. Komabatodaimae (scheduled for completion in Mar 2020)
39. Nakane (scheduled for completion in Jun 2020)
40. Hakusan 2-23 (scheduled for completion in Sep 2020)
41. Yotsuya 4 (scheduled for completion in Dec 2020)
42. Musashikoyama (scheduled for completion in Oct 2020)

AS AT 31 DECEMBER 2019

PROPERTY AND HOTEL BUSINESS

VISTA HOTEL MANAGEMENT

- Subsidiary Vista Hotel Management ("VHM") specialises in operating business hotels in Japan under Hotel Vista brand name
- Hotel Vista hotels are stylish and adopt a unique yet functional layout design including the separation of bathroom and washroom
- VHM provides the following services:
  - 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'S PRESENCE IN JAPAN
(AS AT 31 DECEMBER 2019)

Sapporo, Hokkaido
1. Hotel Vista Sapporo Odori (153 rooms)
2. Hotel Vista Sapporo Nakajima Kohen (113 rooms)

Sendai, Miyagi
3. Hotel Vista Sendai (238 rooms)

Tokyo
4. Hotel Vista Premio Tokyo Akasaka (140 rooms)
5. Hotel Vista Kamata Tokyo (105 rooms)

Kanagawa
6. Hotel Vista Premio Yokohama Minato-Mirai (232 rooms)
7. Hotel Vista Atsugi (165 rooms)
8. Hotel Vista Ebina (176 rooms)

Kanazawa, Ishikawa
9. Hotel Vista Kanazawa (213 rooms)

Nagoya, Aichi
10. Hotel Vista Nagoya Nishiki (143 rooms)

Kyoto
11. Hotel Vista Premio Kyoto Kawaramachi St. (84 rooms)
12. Hotel Vista Premio Kyoto Nagomitei (84 rooms)

Hiroshima
13. Hotel Vista Hiroshima (228 rooms)

Ozu, Kumamoto
14. Hotel Vista Kumamoto Airport (139 rooms)

Fukuoka
15. Hotel Vista Fukuoka Nakasu-Kawabata (204 rooms)

Naha, Okinawa
16. Hotel JAL City Naha (302 rooms)

For 2018's Hotel Chain Ranking organised by "Jalan.net", one of the largest online hotels and ryokans booking site in Japan, the Group's Hotel Vista was voted second for "Couple Travel – Less Than JPY15,000 Per Night" Category.

NEW HOTELS IN THE PORTFOLIO IN 2020

Name of Hotel	Location	Number of Rooms	Date Opened/ Opening Date
Hotel Vista Osaka Namba	Osaka	121	27 February 2020
Hotel Vista Premio Osaka Honmachi	Osaka	272	07 April 2020
Hotel Vista Tokyo Tsukiji	Tokyo	149	01 June 2020
Hotel Vista Matsuyama	Matsuyama	140	17 June 2020

HOTEL PORTFOLIO *(AS AT 31 DECEMBER 2019)*

1 Hotel Vista Sapporo Odori

2 Hotel Vista Sapporo Nakajima Kohen

3 Hotel Vista Sendai

4 Hotel Vista Premio Tokyo Akasaka

5 Hotel Vista Kamata Tokyo

6 Hotel Vista Premio Yokohama Minato-Mirai

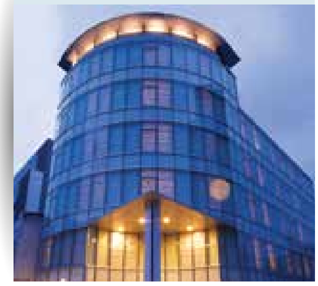
7 Hotel Vista Atsugi

8 Hotel Vista Ebina

9 Hotel Vista Kanazawa

10 Hotel Vista Nagoya Nishiki

11 Hotel Vista Premio Kyoto Kawaramachi St.



12 Hotel Vista Premio Kyoto Nagomitei

13 Hotel Vista Hiroshima

14 Hotel Vista Kumamoto Airport

15 Hotel Vista Fukuoka Nakasu-Kawabata

16 Hotel JAL City Naha

CORPORATE ORGANISATION *AS AT 31 DECEMBER 2019*

UNI-ASIA GROUP LIMITED
Company Registration No: 201701284Z
Incorporated in the Republic of Singapore
Investment Holding I Listed on SGX-ST
SG

100%
Uni-Asia Holdings Limited
(Incorporated in the Cayman Islands)
Alternative Asset Management
HK

Business Segments	Sub-Business Segments	Business Nature	Company	Subsidiary
SHIPPING (and related Financial Services)	Maritime Asset Management	• Investment / Asset Management of Ships • Finance Arrangement	100% SG **Uni-Asia Capital (Singapore) Limited** Fund Management	
SHIPPING (and related Financial Services)	Uni-Asia Shipping	• Ship Owning and Chartering	100% HK **Uni-Asia Shipping Limited** Ship Owning Business	
SHIPPING (and related Financial Services)	Maritime Services	• Commercial / Technical Management of Ships • Ship Related Brokerage	100% HK **Uni Ships and Management Limited** Project / Ship Management	51% HK **Wealth Ocean Ship Management (Shanghai) Co., Ltd** Ship Management
PROPERTY & HOTEL (and related Financial Services)	Property Investment (ex Japan)	• Investment / Asset Management of Properties ex-Japan	100% HK **Uni-Asia Capital Company Limited** Investment Holding	100% CN **Uni-Asia Guangzhou Property Management Company Limited** Property Investment & Management
PROPERTY & HOTEL (and related Financial Services)	Property Investment (in Japan)	• Investment / Asset Management of Properties in Japan	100% JP **Uni-Asia Capital (Japan) Ltd** Property Investment Management	
PROPERTY & HOTEL (and related Financial Services)	Property Investment (in Japan)		99.5% JP **Uni-Asia Investment Ltd** Property Investment Holding	
PROPERTY & HOTEL (and related Financial Services)	Vista Hotel Management	• Hotel Operation in Japan	99% HK **Uni-Asia Hotels Limited** Holding Company of Hotel Operation	100% JP **Vista Hotel Management Co., Ltd.** Hotel Operation 100% JP **Sun Vista Naha Co., Ltd.** Hotel Operation

I **SG**: Singapore I **HK**: Hong Kong I **JP**: Japan I **CN**: China

Above represents major group companies only for illustrative purpose.

MANAGEMENT ORGANISATION

(WITH EFFECT FROM 30 APRIL 2020)

BOARD OF DIRECTORS

Mr. Michio Tanamoto
(Executive Chairman)

Mr. Kenji Fukuyado
(CEO)

Mr. Masahiro Iwabuchi
(Executive Director)

Mr. Yukihiro Toda
(Executive Director)

Mr. Lee Gee Aik
(Lead Independent Non-Executive Director)

Mr. Philip Chan Kam Loon
(Independent Non-Executive Director)

Ms. Juliana Lee Kim Lian
(Independent Non-Executive Director)

Ms. Chiaki Yamamoto
Internal Audit Office
Chief Internal Auditor for Japan Operation

MANAGEMENT COMMITTEE

Mr. Kenji Fukuyado (Chairman)
Mr. Michio Tanamoto
Mr. Masahiro Iwabuchi
Mr. Yukihiro Toda
Mr. Zac K. Hoshino
Mr. Lim Kai Ching
Mr. Matthew Yuen
Mr. Masayuki Sato

REVIEW COMMITTEE

Mr. Kenji Fukuyado (Chairman)
Mr. Michio Tanamoto
Mr. Masahiro Iwabuchi
Mr. Yukihiro Toda
Mr. Lim Kai Ching

MR. KENJI FUKUYADO
CEO

Mr. Zac K. Hoshino
CEO
Uni-Asia Shipping Limited (UAS)

Mr. Matthew Yuen Wai Keung
Managing Director
Department Head
Mr. Makoto Tokozume
Executive Vice President
Co-Department Head
Maritime Asset Management Department (MAMD)

Mr. Zac K. Hoshino
Senior Managing Director
Department Head
Maritime Business Department (MBD)

Mr. Masahiro Iwabuchi
Executive Director

Mr. Masahiro Iwabuchi
Department Head
Property Investment Department (PID)

Mr. Masahiro Iwabuchi
President
Uni-Asia Investment Ltd. (UAI) [(1)]

Mr. Masayuki Sato
President
Vista Hotel Management (VHM)

Mr. Yukihiro Toda
Executive Director

Mr. Yukihiro Toda
President
Uni-Asia Capital (Japan) Ltd. (UACJ) [(1)]

Mr. Lim Kai Ching
Group
Chief Financial Officer

Group CFO oversees financial functions of the Group including Financial Management Department

Note:

(1) 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

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Michio Tanamoto *
(Chairman and
Chief Executive Officer)

Kenji Fukuyado *
(Executive Director)

Masahiro Iwabuchi
(Executive Director)

Yukihiro Toda
(Executive Director)

NON-EXECUTIVE DIRECTORS

Lee Gee Aik
(Lead Independent
Non-Executive Director)

Philip Chan Kam Loon
(Independent
Non-Executive Director)

Juliana Lee Kim Lian
(Independent
Non-Executive Director)
(Appointed 1 March 2019)

AUDIT COMMITTEE

Lee Gee Aik
(Chairman)

Philip Chan Kam Loon

Juliana Lee Kim Lian

NOMINATING COMMITTEE

Philip Chan Kam Loon
(Chairman)

Lee Gee Aik

Juliana Lee Kim Lian

REMUNERATION COMMITTEE

Juliana Lee Kim Lian
(Chairman)

Lee Gee Aik

Philip Chan Kam Loon

COMPANY SECRETARY

Joanna Lim Lan Sim, ACIS

SHARE REGISTRAR AND SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Service

80 Robinson Road #02-00
Singapore 068898

AUDITOR

Ernst & Young LLP

One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Wong Yew Chung
(Appointed in 2017)

PRINCIPAL BANKERS

Mizuho Bank Limited

12th Floor, K11 Atelier,
18 Salisbury Rod
Tsim Sha Tsui Kowloon
Hong Kong

Mizuho Bank, Ltd.

12 Marina View #08-01
Asia Square Tower 2
Singapore 018961

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

CTBC Bank Co., Ltd.

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

COMPANY REGISTRATION NO.

201701284Z

REGISTERED OFFICE

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

CORPORATE WEBSITES

(available in English and/or Japanese)

Uni-Asia Group 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

* *Mr. Tanamoto will relinquish his CEO position to Mr. Fukuyado on 30 April 2020. Mr. Tanamoto remains as Executive Chairman after 30 April 2020.*

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

29 EMPLOYEES IN HONG KONG

UNI-ASIA GROUP LIMITED

8 Shenton Way,
#37-04 AXA Tower,
Singapore 068811

Tel: (65) 6438 1800
Fax: (65) 6438 1500

8 EMPLOYEES IN SINGAPORE

PRINCIPAL PLACES OF BUSINESS

UNI-ASIA CAPITAL (JAPAN) LTD.

MD Kanda Building 7F,
9-1 Kanda Mitoshirocho, Chiyoda-ku,
Tokyo, Japan, 101-0053

Tel: (81) 3 3518 9200
Fax: (81) 3 3518 9201

VISTA HOTEL MANAGEMENT CO., LTD.

MD Kanda Building 7F,
9-1 Kanda Mitoshirocho, Chiyoda-ku,
Tokyo, Japan, 101-0053

Tel: (81) 3 3518 9220
Fax: (81) 3 3518 9221

385 EMPLOYEES IN JAPAN (INCLUDING 347 HOTEL STAFF)

WEALTH OCEAN SHIP MANAGEMENT (SHANGHAI) CO., LTD

Room 2106,
Yongda International Tower,
2277 Longyang Road,
Pudong District, Shanghai,
201204, China

Tel: (86) 21 5888 8007
Fax: (86) 21 5888 8053

14 EMPLOYEES IN SHANGHAI

UNI-ASIA GUANGZHOU PROPERTY MANAGEMENT CO., LTD

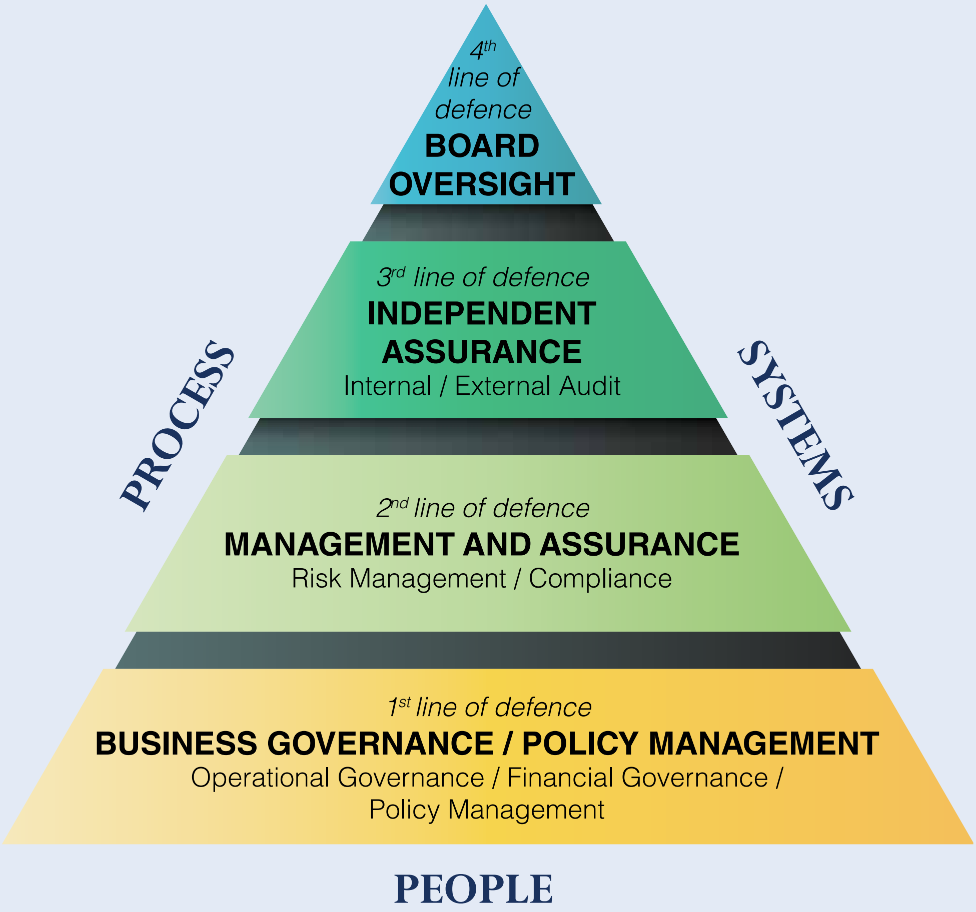
Room 2401, Guangzhou Foreign
Economic & Trade Building,
351 Tianhe Road, Guangzhou,
510620, China

Tel: (86) 20 3880 2213

1 EMPLOYEE IN GUANGZHOU

TOTAL 437 EMPLOYEES AS AT 31 DECEMBER 2019

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 of 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 29 "Management Organisation".

STEP 01 | Brief project summary is prepared in the form of Concept Paper to seek approval for resources to be deployed for further analysis.

Concept Paper ("CP") → SUBMISSION → **Review Committee ("RevC")**
Review Committee ("RevC") → ENQUIRES / APPROVAL → **Concept Paper ("CP")**

STEP 02 | A detailed analysis is done to seek in principle approval for the investment subject to final due diligence and satisfactory documentation.

Appraisal Paper ("AP") → SUBMISSION → **Review Committee ("RevC")**
Review Committee ("RevC") → ENQUIRES / APPROVAL → **Appraisal Paper ("AP")**

STEP 03 | A Final Investment Paper is prepared with final conditions of the project.

Final Investment Paper ("FIP") → SUBMISSION → **Review Committee ("RevC")**
Review Committee ("RevC") → ENQUIRES / APPROVAL → **Final Investment Paper ("FIP")**

Seek Board's approval for investment

Proceed with investment

INVESTOR RELATIONS

THE GROUP'S INVESTOR RELATIONS COMMITMENT

The Group's investor relations function is led by the Chairman/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 the 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, stay abreast of corporate developments, and assess our business strategies to make sound investment decisions.

QUARTERLY RESULTS PRESENTATIONS

1Q2019 RESULTS PRESENTATION

30 MAY 2019

The Group organised a results presentation on its 1Q2019 results in May 2019. The invitation was extended to equity analysts, shareholders, fund managers, brokers, and private investors. A total of 18 people attended the presentation, including three research analysts from Phillip Securities, KGI Securities, and UOB Kay Hian, and six analysts/fund managers from boutique investment funds, such as ICH Gemini, Pilgrim Partners Asia, Golden Hill Asset Management and Hibiki Path Advisors. The Group provided thorough updates on its corporate development as well as market insights into the ship chartering market and property sector in Japan and Hong Kong in the presentation.

2Q2019 RESULTS PRESENTATION

27 AUGUST 2019

The Group's 2Q2019 results presentation was held in August 2019. A total of 19 people, including analysts, shareholders, fund managers, brokers, and private investors attended the briefing. Among the attendees, six were research analysts from brokerage houses such as CGS-CIMB Securities, UOB Kay Hian, and Lim & Tan Securities. The management provided an in-depth discussion on the market conditions, challenges, and opportunities. There was also a dialogue session after the presentation where the management addressed the issues that investors and analysts were most concerned with.

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"), and responding to questions through the company website. Shareholders could also contact the Group's investor relations officers directly.

ANALYSTS, FUNDS AND POTENTIAL SHAREHOLDERS

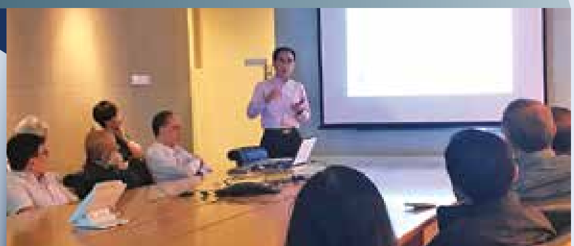
In 2019, despite the challenging market conditions for the shipping industry, we consistently communicated with the investment community on a regular basis. Senior management held quarterly briefings for analysts, fund managers, and retail investors so that they could review their investment strategy with timely updates on the dynamics of the industry and our business operations. Regular briefings also helped us increase our visibility in the region's financial markets. In addition, the management conducted one-on-one meetings with those who are keen to gain a better understanding of the Group. The IR team also kept analysts updated on a regular basis for them to work on analyst notes and research reports.

BROKERAGE PRESENTATIONS

3Q2019 RESULTS PRESENTATION
28 NOVEMBER 2019

The Group conducted its 3Q2019 results presentation in November 2019. Despite the pre-festive period, a total of 16 people, including analysts from Phillip Securities, UOB Kay Hian, and Maybank Kim Eng Securities, etc. attended the results briefing. Portfolio manager from Phillip Securities' in-house asset management arm also attended the briefing. The management's presentation was followed by a lively Q&A session.

CORPORATE PRESENTATION AT RHB SECURITIES
19 JUNE 2019



The Group was invited by RHB Securities to conduct a lunchtime presentation at RHB's office in June 2019. Approximately 20 traders and brokers attended the event. This platform provided the traders and brokers at RHB Securities a unique opportunity to have facetime with the Group's management and learn more about Uni-Asia Group. In addition, upon a greater understanding of the Group's business and financials, the brokers would recommend Uni-Asia to their clients. This type of corporate presentations allowed the Group to increase its outreach to investors so that more potential investors would notice and understand Uni-Asia's investment merits better. The objective is to attract more value investors over time and to improve the shares' valuation and liquidity in the long run.

INVESTOR RELATIONS

BROKERAGE PRESENTATIONS

CORPORATE PRESENTATION AT PHILLIP SECURITIES

28 NOVEMBER 2019

The Group held a corporate presentation at Phillip Securities in November 2019, after Phillip Securities analyst, Mr. Edmund Xue, initiated a comprehensive Non-Rated report on the Group. The report helped build up the traders' and brokers' awareness of Uni-Asia, and in the presentation, the management provided a more detailed introduction. The audience also posed questions and gave their feedback. Approximately 50 traders and brokers attended the lunchtime presentation.

CORPORATE PRESENTATION AT CGS-CIMB SECURITIES

29 NOVEMBER 2019

The Group accepted an invitation from CGS-CIMB Securities and conducted a lunchtime corporate presentation in November 2019. Following the Non-Rated report initiated by CIMB's analyst, Mr. Ervin Seow, the management provided its brokers and traders a detailed review of the Group's business model, operations, and outlook. Approximately 40 traders and brokers attended the presentation.

ONE-ON-ONE MEETINGS

The Group is open to one-on-one meetings or small group sessions with research houses, investment funds or institutional brokers, etc. should they display a keen interest in learning more about Uni-Asia. In FY2019, the Group met with various financial institutions, including:

- May 2019
  Phillip Securities Head of Research
- June 2019
  RHB Securities Small Mid-Cap Research Team
- July 2019
  Daiwa Securities Research Analyst

SITE VISIT

On 5th September 2019, the Group welcomed a group of six visitors, including five investment analysts and a journalist in a site visit tour to its small residential projects – the Alero Series and its hotel operation business under the Hotel Vista brand, in Tokyo, Japan. The site visit aimed to showcase the Group's property assets in Japan and give the participants valuable insights into the unique property market in Japan. The site visit took place during the Rugby World Cup 2019 period and the visitors witnessed the positive impact of the increased number of tourists on its hotel operation business. It was an invaluable opportunity for the investment analysts to take an up-close view and gain a deeper understanding of the Group's business in Japan, highlighting Uni-Asia as a unique investment platform into the Japan property and hospitality market.

MEDIA

Through the media, the Group sought to provide more information about how its business segments contribute to the Group's overall performance amidst various market conditions and to update key corporate developments. Specialised investment media such as NextInsight further extended our visibility to a broader investor audience. During the year, the Group has been featured in a range of print, online media and radio interviews.

Date	Media/Brokerage	Headline
11-Mar-19	Next Insight	Uni-Asia: Higher dividend payout after non-cash fair value loss on ships
15-Mar-19	KGI Securities	Looking forward to a better year
26-Mar-19	Business Times	Uni-Asia plans placement of up to 5.42 million shares at S$1.08 each
27-Mar-19	Business Times	Corporate Digest (on share placement)
27-Mar-19	Shenton Wire	Uni-Asia: Ships and property make for strange, but complementary bedfellows
27-Mar-19	Shenton Wire	Uni-Asia proposes share placement to raise funds and improve liquidity
05-Apr-19	Next Insight	Uni-Asia Group raises S$5.42 million net proceeds from about 40 investors
08-Apr-19	Shenton Wire	Uni-Asia sets dividend guidance for 2019, 2020
09-Apr-19	KGI Securities	Placement successful; firm dividend policy until FY20
15-Apr-19	The Edge	Uni-Asia Group makes share placement to fund property development; announces special dividend
15-May-19	ShareInvestor	Uni-Asia reports 10% increase in 1Q2019 net profit to US$3.7 million
15-May-19	ShareInvestor	Uni-Asia: 1 for 2 Bonus Issue
15-May-19	The Edge	Uni-Asia posts 9% rise in 1Q earnings to US$3.5 million on higher income
03-Jun-19	Next Insight	Hotel operations gaining traction
08-Jun-19	Investing Blog	Uni-Asia 1Q results post-briefing review - look forward to the dividend after 2Q2019
09-Jun-19	The Little Snowball	Groundbreaking Seafarer
15-Aug-19	Money FM	Uni-Asia's profit attributable to shareholders jumped 26% to US$6.4 million in 1H2019
08-Sep-19	Next Insight	Uni-Asia: On-the-grounds insights into its hotel and property business in Japan
11-Sep-19	CGS-CIMB	Diversified business to tide over tough times
11-Sep-19	Phillips Capital	Positive property business in Japan
26-Sep-19	KGI Securities	Site visit to UAG's Tokyo hotels and residential properties
04-Oct-19	UOB Kay Hian	Diversified businesses with hotel and property investments
03-Dec-19	Next Insight	Uni-Asia: S$1.24 Target, 5.5% Dividend Yield
16-Dec-19	Business Times	Uni-Asia buys out Regina Bulkship partner in US$3.6m deal
18-Dec-19	Maybank Kim Eng	Diversified businesses with hotel and property investments
30-Dec-19	Business Times	Uni-Asia says impact from fire on HK property project is limited

CONCLUSION

The Group aims to be a truly trusted partner to our clients as an integrated service provider in the alternative investment fields. It strives to deliver value to the Group's shareholders, clients and employees, and other stakeholders and it will continue to engage its shareholders and investors responsibly with timely, accurate and transparent communication through multiple platforms, in return to the investment community for their trust and support.

INVESTOR RELATIONS CONTACT

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Ms. Reyna Mei
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Email: reyna@financialpr.com.sg

Mr. Colin Lum
Tel: 65 8755 8562
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BOARD OF DIRECTORS

From Left to Right (front row)

Mr. Kenji Fukuyado
*(Executive Director)**

Mr. Michio Tanamoto
*(Chairman and Chief Executive Officer)**

Mr. Masahiro Iwabuchi
(Executive Director)

From Left to Right (back row)

Mr. Yukihiro Toda
(Executive Director)

Ms. Juliana Lee Kim Lian
(Independent Non-Executive Director)

Mr. Philip Chan Kam Loon
(Independent Non-Executive Director)

Mr. Lee Gee Aik
(Lead Independent Non-Executive Director)

* *Mr. Tanamoto will relinquish his CEO position to Mr. Fukuyado on 30 April 2020. Mr. Tanamoto remains as Executive Chairman after 30 April 2020.*

Mr. Michio Tanamoto

Chairman and Chief Executive Officer

(Relinquish CEO Position from 30 April 2020)

Mr. Michio Tanamoto was appointed as Chairman and Chief Executive Officer of the Uni-Asia Group Limited (formerly known as 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 37 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-Asia Holdings Limited, Uni-Asia Capital Company, Uni-Asia Shipping Limited, Uni Ships and Management Limited, Uni-Asia Capital (Japan) Ltd, and Vista Hotel Management Co., Ltd. He obtained a bachelor's degree in law from Hitotsubashi University of Japan in 1980.

Mr. Kenji Fukuyado

Executive Director

(Appointed CEO from 30 April 2020)

Mr. Kenji Fukuyado was appointed an Executive Director of Uni-Asia Group Limited on 1 March 2018. He joined the Group in 2001 and was the Managing Director of Uni-Asia Finance Corporation (Japan) from May 2003 to December 2005. He was transferred to the Group's 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 was appointed as Managing Director of the Group on 1 February 2013, responsible for Maritime Asset Management. Mr. Fukuyado has over 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 Chairman of Uni-Asia Shipping Limited and also a director of the company's subsidiaries including Uni-Asia Holdings Limited, Uni-Ships and Management Limited, Uni-Asia Capital (Japan) Ltd. and Vista Hotel Management Co., Ltd. Mr. Fukuyado graduated with a bachelor's degree in law from Waseda University in 1987.

BOARD OF DIRECTORS

Mr. Masahiro Iwabuchi

Executive Director

Mr. Masahiro Iwabuchi was appointed an Executive Director of Uni-Asia Group Limited on 1 March 2018. He joined the Group when it was established in 1997 and was appointed as Senior Managing Director on 30 April 2014. Mr. Iwabuchi heads the Property Investment Department. 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 the company's subsidiaries including Uni-Asia Holdings Limited, Uni-Asia Capital Company Limited, Uni-Asia Guangzhou Property Management Co., 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.

Mr. Yukihiro Toda

Executive Director

Mr. Yukihiro Toda was appointed an Executive Director of Uni-Asia Group Limited on 1 March 2018. He is concurrently the President of Uni-Asia Capital (Japan) Ltd., since 1 December 2011. Mr. Toda joined the Group in 1998, has been Chief Investment Officer of Uni-Asia Capital (Japan) Ltd., since February 2000, responsible for overall real estate fund management business and property investment business in Japan. 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. He is also currently a director of the company's subsidiary Uni-Asia Holdings Limited. Mr. Toda graduated with a bachelor's degree in economics from Yokohama National University 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 in 1979. Between 1986 and 1988, Mr. Lee was seconded to their USA Executive Office. 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 the independent directors of a few companies listed on the Singapore Stocks Exchange and Catalist.

Mr. Philip Chan Kam Loon

Independent Non-Executive Director

Mr. Philip Chan Kam Loon was appointed as an Independent Director of the Company since 1st March 2018. Mr. Chan holds a degree in Accounting and Finance from the London School of Economics and is a member of the Institute of Chartered Accountants in England and Wales. He has many years of experience in accounting and audit with KPMG London and PWC Singapore, investment banking with Morgan Grenfell Asia and HG Asia Securities and was a director of private equity investments at Suez Asia Holdings. Mr. Chan was head of the Listings Function of Markets Group at the Singapore Exchange for 3 years. Mr. Chan has also served on the Singapore's Accounting Standards Committee, Singapore Zhejiang Business Council and also Singapore Shandong Business Council as well as non-executive director of National Volunteer Philanthropy Centre and Vision Fund, the international microfinance arm of global charity World Vision. He also serves as independent director of several other SGX listed companies.

Ms. Juliana Lee Kim Lian

Independent Non-Executive Director

Ms. Juliana Lee was appointed as an Independent Director of the Company on 1 March 2019 and re-elected at the Company's last AGM held on 26 April 2019. Ms. Lee is a Director of Aptus Law Corporation. She has more than 25 years of experience in legal practice and currently heads the corporate practice of Aptus Law Corporation. Her main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital. She holds a Bachelor of Laws (Honours) degree from the National University of Singapore and is a member of the Singapore Institute of Directors. Ms. Lee also presently serves as an independent director on the board of Nordic Group Limited and Dyna-Mac Holdings Ltd.

KEY MANAGEMENT

Mr. Zac K. Hoshino

Senior Managing Director

Mr. Zac K. Hoshino was appointed as Senior Managing Director of the Company on 1 March 2019 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 was appointed as Managing Director of the company on 1 February 2013. He has extensive experience with chartering, operating, and contracting in Japanese shipping company for more than 20 years including Singapore and Hong Kong representative between 2002 and 2007. He is currently the CEO of Uni Asia Shipping Limited, Wealth Ocean Ship Management Shanghai and Uni Ships and Management Limited. Mr. Hoshino graduated with a bachelor's degree in mercantile marine science from Tokyo University of Mercantile Marine in 1984.

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 of the Group in August 2011 and subsequently as Group Chief Financial Officer on 5 January 2015. Mr. Lim has over 20 years of experience in areas including finance, accounting, risk management, investment, audit and investor relations. 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.

Mr. Katsuro Ouchi

Chairman of Vista Hotel Management Co., Ltd.

Mr. Katsuro Ouchi was appointed as Chairman of Vista Hotel Management Co., Ltd. in March 2019 and is currently responsible for hotel operation business in Japan. He was appointed as President of Vista Hotel Management Co., Ltd. in October 2009. 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.

Mr. Matthew Yuen Wai Keung

Managing Director, Head of Maritime Asset Management Department

Mr. Matthew Yuen Wai Keung joined Uni-Asia in October 1997. He is currently Managing Director 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. Masayuki Sato

President of Vista Hotel Management Co., Ltd

Mr. Masayuki Sato was appointed as President of Vista Hotel Management Co., Ltd. in March 2019. He joined the Group in 2007 and was appointed a Managing Director of Vista Hotel Management Co., Ltd in October 2018. He has been 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, specializing 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.

Mr. Makoto Tokozume

Executive Vice President
Co-Head of Maritime Asset Management Department

Mr. Makoto Tokozume joined our Group in January 2008 and was appointed as the Co-Head of Maritime Asset Management Department in April 2019, being responsible for maritime asset management, equity sourcing and lease / debt arrangement for a third party as well as the Group. He had stationed in Singapore as a member of Uni-Asia Capital (Singapore) until 2012, being responsible for investor relations and corporate matters. He was transferred to our head office in Hong Kong in 2013 and was CFO of Uni-Asia Shipping and head of Financial Management Department. 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 MUFG Bank, 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.

Mr. Takeshi Iritono

Director (Business Development), Uni-Asia Capital (Japan) Co., Ltd

Mr. Takeshi Iritono joined the Group in 2003 and was appointed a Director of Uni-Asia Capital (Japan) Co., Ltd in December 2011. He is currently the General Manager of Asset Management Department of UACJ. Since he had joined UACJ, he had been responsible for real estate asset management and development of residential properties, hotel properties and commercial properties mainly. Mr. Iritono graduated with a bachelor's degree in law from Keio University in 1994.

KEY MANAGEMENT

Mr. Shinichiro Ishizaki

General Manager

Mr. Shinichiro Ishizaki joined the Company on January 2016 and was appointed as General Manager - Project, Maritime Business Department of the Company on October 2017. Based in Hong Kong, he covers several shipping related activities in the Company, e.g. Projects, Sales & Purchase, Period Chartering, Ship Management etc. Prior to joining Uni-Asia, he was in charge of ship finance and S&P at Singapore-based ship owning company followed by 2 years' secondment to Ministry of Finance, Japan. Mr. Ishizaki graduated from Hokkaido University, Japan with a master's degree in Field Engineering for the Environment in 2010.

Mr. Kenneth Wong

General Manager

Mr. Wong joined our Company in March 2004. Based in Hong Kong, he is currently General Manager of Property Investment Department. Prior to joining Uni-Asia, Mr. Wong worked with Sumitomo Banking Corporation during 1995 – 2000 in the marketing and risk management divisions of the bank Hong Kong Office. Mr. Wong graduated with a bachelor's degree in Economics and Japanese Studies from Sheffield University England in 1995. Mr. Wong is a member of the team that develop the property investment business of the Group.

Ms. Chiaki Yamamoto

Chief Internal Auditor for Japan Operation

Ms. Chiaki Yamamoto joined Uni-Asia in April 2013 and was appointed the Chief Internal Auditor for Japan Operations in August 2018. Based in Singapore, she is currently in-charge of the internal audit function of all operation in Japan. She has more than 20 years of experience in various corporate functions, including corporate management, human resource and internal audit for various major Japanese trading companies. She is an accredited Certified Fraud Examiner ("CFE") in USA, and a qualified internal auditor by the Institution of Internal Auditors ("IIA") Japan. She is member of Association of Certified Fraud Examiner ("ACFE") and IIA in Singapore and Japan.

Ms. Candy Wong Wang Ying

General Manager

Ms. Candy Wong Wang Ying joined Uni-Asia in November 1997. She is currently General Manager of Financial Management Department and is in-charge of corporate and shipping accounting, as well as cash flow management. Prior to joining Uni-Asia, she was with The Hokkaido Takushoku Bank Ltd., Hong Kong Branch. She graduated with a bachelor's degree in Accounting from Curtin University of Technology and is a fellow member of The Hong Kong Institute of Certified Public Accountants and CPA Australia.

Uni-Asia Group 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 provisions of the Code of Corporate Governance 2018 (the "**Code**") issued on 6 August 2018.

The Board confirms that for the financial year ended 31 December 2019 ("**FY2019**"), the Company has complied with the core principles of corporate governance laid down by the Code. The Company has also largely complied with the provisions that reinforce the principles of the 2018 Code, where applicable, and has provided appropriate explanations for variations from the provisions of the Code (namely, variations from Provisions 2.2, 2.3, 3.1, 8.1(a), 11.4 and 11.5 as further described below), including the reason for variation and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code, in this report.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provisions	Corporate Governance Practices of the Company
1.1	The Company is headed by an effective Board, comprising competent individuals with diversified background and collectively brings with them a wide range of experience, to lead and control the Company. 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. In particular, the Board holds the management of the Company (the "**Management**") accountable for performance. The Board has also put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. All directors exercise due diligence and independent judgment, and are obliged to act in good faith and in the best interests of the Company. Where there are conflicts of interest, directors recuse themselves from discussions and decisions involving the issues of conflict.
1.2	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 programs run by the Singapore Institute of Directors or other training institutions.

CORPORATE GOVERNANCE REPORT

Provisions	Corporate Governance Practices of the Company
	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 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 Audit Committee 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.
1.3	The Company has formulated guidelines setting forth matters reserved for the Board's decision. 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.
1.4	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. For a summary of the activities of the AC, NC and RC during FY2019, please refer to Provisions 10.1, 4.1 and 6.4 respectively below.

Provisions	Corporate Governance Practices of the Company
1.5	The schedule of all the Board and 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 Constitution allows 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 FY2019, as well as the frequency of such meetings, is set out in Table 1. Please also refer to Provision 4.5 below for further information regarding directors with multiple board representations.
1.6	The members of the Board are provided with complete, adequate and timely information prior to Board meetings, and on an on-going basis. 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. 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.
1.7	The Board has separate and independent access to the Group's senior management and the Company Secretary at all times. 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. 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 Constitution 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. The appointment and replacement of the Company Secretary is a matter for the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provisions	Corporate Governance Practices of the Company
2.1	The Board comprises 7 members, 4 of whom are Executive Directors ("**EDs**") and the remaining 3 are Non-Executive Independent Directors ("**NEIDs**") as at the date of this report. Independent directors make up at least one-third of the Board. A summary of the current composition of the Board and its committees is set out in Table 2.

CORPORATE GOVERNANCE REPORT

Provisions	Corporate Governance Practices of the Company
	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 substantial shareholders (holding 5% 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 in the best interests of the company. None of the NEIDs has served on the Board for more than nine years.
2.2	The Chairman of the Board and the Chief Executive Officer ("**CEO**") of the Company is the same person, namely, Mr. Michio Tanamoto. In addition, the Chairman is part of the management team and he is not an Independent Director. Where the Chairman is not independent, independent directors should make up a majority of the Board. In this regard, while independent director do not make up a majority of the Board, more than one-third of the Board is made up of independent directors. As stated in Provision 2.4 below, the Directors consider that the Board's present size of 7 members is of the appropriate size and accordingly, no additional independent directors are proposed to be appointed in order for independent directors to make up a majority of the Board. In addition, the Board is of the view that the independent directors have demonstrated high commitment in their role as directors and have ensured that there is a good balance of power and authority. Please also refer to Provision 2.5 below on the role played by the NEIDs in ensuring that there is a strong and independent element on the Board. The Chairman provides leadership to the Board. Besides being responsible for board proceedings, the Chairman is also responsible for presenting the Board's views and decisions to the public. The CEO is responsible for the day-to-day running of the Group and ensures that the Board's decisions and strategies are translated to the working level. By virtue of the dual roles, the Chairman and CEO has been able to consistently ensure that Board decisions and strategies are implemented seamlessly. The sustained growth of the Group under his leadership as both Chairman and CEO is testament to the fact that he has been able to execute the responsibilities of both these roles effectively. In this regard, as part of succession planning and leadership renewal, Mr. Kenji Fukuyado, currently an Executive Director, will succeed Mr. Michio Tanamoto as the CEO on 30 April 2020. Following Mr. Kenji Fukuyado's appointment, Mr. Michio Tanamoto will cease to be the CEO and will continue to remain as Chairman and Executive Director. Further details are set out in the Company's announcements on 28 February 2020.
2.3	Although less than a majority of the Board is made up of non-executive directors, there is a clear division of roles and responsibilities between the Chairman/CEO and the Executive Directors, namely Mr. Masahiro Iwabuchi, Mr. Kenji Fukuyado and Mr. Yukihiro Toda, which ensures an appropriate balance of power between the Board, the Chairman/CEO and the Executive Directors, thereby enhancing accountability and greater independent decision-making ability. The Chairman/CEO and the Executive Directors are not related to each other. Please also refer to Provision 2.5 below on the role played by the NEIDs in ensuring that there are appropriate checks and balances in place. As stated in Provision 2.4 below, the Directors consider that the Board's present size of 7 members is of the appropriate size and accordingly, no additional non-executive directors are proposed to be appointed in order for non-executive directors to make up a majority of the Board.

Provisions	Corporate Governance Practices of the Company
2.4	The Directors consider that the Board's present size of 7 members is of the appropriate size and with the right mix of skills, experience, gender and age diversity, taking into account the nature and the scope of operations of the Group. 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. The Company values the benefits that diversity can bring to its Board as diversity promotes the inclusion of different perspectives and ideas, mitigates against group think and improves oversight, decision-making and governance. In this regard, the Board has adopted a board diversity policy with the aim of having a Board which is, amongst other things, characterised by a broad range of views arising from different professional experiences, skills, knowledge, gender, nationality, cultural and educational background when discussing business. Such policy incorporates measurable objectives relating to skills and experience, nationality and ethnicity (having regard to the diversified portfolio of the Group's businesses) and gender (which requires female representation). 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 biographies of all Board members are set out in the section entitled 'Board of Directors". In its annual review, the NC is satisfied that the objectives of the diversity policy continue to be met.
2.5	The NEIDs constructively challenge and assist in development of proposals on strategy, assist the Board in reviewing the performance of Management in meeting agreed goals and objectives; and monitor the reporting of performance. Matters requiring the Board's approval are discussed and deliberated with participation of each Director and decisions are made collectively without any individual or small group of individuals influencing or dominating the decision-making process. Therefore, the Board is of the view that the current composition of the Board is sufficient for it to exercise objective and balanced judgement on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined. The NEIDs, led by the Lead Independent Director, meet regularly during informal discussions which take place on the sidelines of Board meetings and the Annual General Meeting or, as the case may be, where warranted, without the presence of Management or the executive directors to review any matters that must be raised privately and the Lead Independent Director provides feedback to the Board and/or the Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions	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. Please also refer to Provision 2.2 (for further information on the rationale for the dual roles of the Chairman and CEO and how Mr. Michio Tanamoto has been able to ensure that Board decisions and strategies are implemented seamlessly by virtue of such dual roles) as well as Provision 2.5 on the role played by NEIDs in ensuring that there is a strong and independent element on the Board and that there are appropriate checks and balances in place. As further described under Provision 2.2, as part of succession planning and leadership renewal, Mr. Michio Tanamoto will cease to be the CEO and will continue to remain as Chairman and Executive Director on 30 April 2020. As a result of the foregoing, the Chairman and the CEO will become separate persons.
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, accuracy 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. Please also refer to Provision 2.2 for further information on the division of responsibilities between the roles of the Chairman and the CEO, which is also set out in writing.
3.3	The Board has appointed Mr. Lee Gee Aik, a NEID, 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, or Management (including the Group Chief Financial Officer (or equivalent)) has failed to provide a satisfactory resolution or when such contact is inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions	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, experience, gender and age diversity are maintained within the Board and Board committees. The principal functions of the NC stipulated in its terms of reference are summarised as follows:

Provisions	Corporate Governance Practices of the Company

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

- all board appointments and the appointment of chief executive officer, chief operating officer, group chief financial officer, managing directors (including senior managing directors) and relevant senior management staff;
- succession plans for directors, the Chairman and for key management personnel (including the CEO);
- process and criteria for performance evaluation of the Board, Board Committees and directors;
- 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 if a director is independent on an annual basis and as and when circumstances require;

(d) Makes recommendations to the Board for the continuation (or not) in services of any executive director who has reached the age of sixty (60) or more, where appropriate;

(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.

Summary of NC's activities in 2019

- Reviewed the Board's composition and size, Director's tenure, competencies and outside commitments, Board and Committee education, nomination of directors for re-election and the promotion of senior executive.

- Reviewed the major themes arising from the annual Board Committees and Board performance review process and considered whether any aspects of the Board's oversight framework could be strengthened.

- Reviewed the Director's independence criteria and assessment process.

4.2 The NC, regulated by a set of written terms of reference, comprises three members, all of whom, including the Chairman, are NEIDs. The lead independent director is a member of the NC. The names of the members of the NC are disclosed in Table 2.

4.3 The NC is responsible for identifying and recommending new board members to the Board, after considering the relevant 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/re-appointments and makes recommendations to the Board. The integrated process of appointment/re-appointment includes:

Provisions	Corporate Governance Practices of the Company
	(i) developing a framework on desired competencies and diversity of the Board; (ii) assessing current competencies and diversity of the 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) re-election at general meeting.
	In accordance with the Constitution, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third), selected in accordance with Article 95, shall retire from office by rotation (in addition to any Director retiring pursuant to Article 100). In addition, all directors, including executive directors, must submit themselves for re-nomination and re-appointment at least once every three years in accordance with Rule 720(5) of the SGX-ST Listing Rules (Mainboard).
	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:
	Mr. Michio Tanamoto (Article 94) Mr. Masahiro Iwabuchi (Article 94) Mr. Lee Gee Aik (Article 94)
	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.
	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/principal commitments 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 five years in other listed companies.
4.4	The NC determines the independence of each director annually, and as and when circumstances require, based on the definitions and guidelines of independence as set forth in Provision 2.1 above. The Board, after taking into consideration the views of the NC, is of the view that Mr. Lee Gee Aik, Mr. Chan Kam Loon and Ms. Juliana Lee Kim Lian are independent. Please also refer to Provision 2.1 above for further information on the declaration of independence submitted by the independent directors to the NC for assessment and consideration.
4.5	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. Please refer to Table 3 for further information on the directorships and principal commitments of each director.

Provisions	Corporate Governance Practices of the Company
	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. No alternate director has been appointed to the Board. The NC also ensures that new directors are aware of their duties and obligations. Please also refer to Provision 1.2 above on the induction, training and development provided to new directors.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions	Corporate Governance Practices of the Company
5.1	The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board and the Board Committees as well as assessing the contributions by the Chairman and each individual director to the effectiveness of the Board. The NC is also responsible for recommending, for the Board's approval, how the Board's and Board Committees' performance as well as the performance of each individual director may be evaluated (including the objective performance criteria) and considers practical methods to assess the efficiency and effectiveness of the Board and Board Committees (as well as each individual director).
5.2	The NC has adopted a formal system of evaluating the Board, 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. 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. For the year under review, the NC assessed the efficiency and effectiveness of the Board Committees in assisting the Board based on the assessment criteria which include amongst others, the Board Committees' composition and size, sufficient expertise and useful recommendations in assisting the Board for better decision-making, the interaction among committee members, reporting to the Board and record of minutes. For the year under review, there was also a self-appraisal to evaluate each director's performance and contribution. Self-appraisal forms were sent to the directors for completion and the results were reviewed by the NC and the Board. Factors which were taken into account include readiness to contribute at meetings of Board and Board Committees, contribution of effort such as preparedness, being informed and having sufficient knowledge of the Company's business, personal relationships with fellow directors as well as the most pleasing and the least satisfactory aspect of individual director's performance. Additionally, the process to the re-nomination of Directors for the current year takes into account their attendances, commitment of time and contributions made at meetings of Board and Board Committees as well as general meetings. No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual directors.

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

<u>**Provisions**</u>	<u>**Corporate Governance Practices of the Company**</u>
6.1	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. 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. All remuneration matters are ultimately approved by the Board. The functions of the RC include as follows: (a) to review periodically and recommend to the Board an appropriate framework of remuneration practices to attract, retain and motivate management staff to achieve increased performance and manage the Group successfully; (b) to review and recommend key management personnel's remuneration package and that of the Executive Directors; (c) to administer the Uni-Asia Group Performance Share Plan as further described in Provision 7.1 below; and (d) to review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, if any. The RC's considerations and recommendation for the fee framework of NEIDs 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.
6.2	The RC, regulated by a set of written terms of reference, comprises three members, all of whom are independent. The names of the members of the RC are disclosed in Table 2.
6.3	The RC considers all aspects of remuneration, namely, director's fees, salaries, allowances, bonuses, share-based incentives and awards, other benefits-in-kind and termination terms, to ensure that they are fair. The remuneration packages of the Executive Directors and certain key management personnel are based on their respective service agreements. The service agreements of the Executive Directors are for a period of three years, and include a bonus sharing scheme that is performance related to align their interests with those of shareholders. 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.

Provisions	Corporate Governance Practices of the Company
6.4	No independent consultant is engaged for advising on the remuneration of all directors and key management personnel. In its deliberations on remuneration matters, the RC takes into consideration industry practices and norms in compensation in addition to the Group's relative performance to the industries it operates in as well as the employment conditions within those industries and the performance of the individuals. The RC, in consultation with the Chairman, will be recommending contractual provision at the renewal of the respective service agreements of the Executive Directors and key management personnel for the Company to reclaim incentive components in certain exceptional circumstances.

Summary of RC's activities in 2019

- Reviewed the average remuneration level for Chief Executive Officer and Executive Directors for Singapore Listed Companies.
- Reviewed the remuneration level for Independent Non-Executive Directors.
- Agreed with the remuneration packages for the senior executives.
- Reviewed the basic concept and consider the grant of share awards under the Uni-Asia Group Performance Share Plan.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions	Corporate Governance Practices of the Company
7.1 and 7.3	**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 provide good stewardship to the Company, achieve its business strategy and create long-term value for its shareholders. The RC believes that fair performance-related pay should motivate good corporate and individual performance and that rewards should be closely linked to and commensurate with it. The remuneration packages of key management personnel as well as the Executive Directors include an appropriate variable bonus component which is performance-related, and also performance shares which have been designed to align their interests with those of the shareholders. The proportion of the variable bonus component as compared to the overall remuneration package of the key management personnel and the Executive Directors (and whether it amounts to a significant proportion) is a function of whether the performance targets are met or exceeded.

The Chairman 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.

From time to time where appropriate and at the renewal of the service agreements, 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 with the executive directors.

Provisions | **Corporate Governance Practices of the Company**

SHARE INCENTIVE SCHEME

The Company has a share incentive scheme known as the Uni-Asia Group Performance Share Plan (the "**PSP**"). The Company had, pursuant to an ordinary resolution on 24 March 2017, approved and adopted the PSP. The adoption of the PSP was also approved at an extraordinary general meeting of Uni-Asia Holdings Limited held on 28 April 2017.

The PSP is administered by the PSP Committee (a sub-committee of the RC), which shall comprise the following directors of the Company (including directors who may be participants of the PSP):

(a) Ms. Juliana Lee Kim Lian
(b) Mr. Lee Gee Aik;
(c) Mr. Chan Kam Loon;
(d) Mr. Michio Tanamoto; and
(e) Mr. Masahiro Iwabuchi.

No share awards were granted under the PSP in FY2019. Further details of the PSP are set out below:

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

Any employee of the Group shall be eligible to participate in the PSP. Controlling shareholders (as defined in the Listing Manual of the SGX-ST (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 PSP Committee.

Provisions	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:

(1) 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;

(2) the total number of shares subject to any other share option or share schemes of the Company; and

(3) the total number of new ordinary shares of Uni-Asia Holdings Limited allotted and issued and issued ordinary shares of Uni-Asia Holdings Limited (including treasury shares) delivered, pursuant to awards already granted under the Uni-Asia Group Performance Share Plan,

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 until 28 April 2025 (being the maximum term under the Uni-Asia Group Performance Share Plan), 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.

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

In reviewing the recommendation for independent non-executive directors' remuneration for FY2019, 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 level of contribution of each Board member, including their responsibilities and 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

Provisions	Corporate Governance Practices 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.

DISCLOSURE OF REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions	Corporate Governance Practices of the Company
8.1	**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 2019.** The actual remuneration of each director, the CEO and the top five key management personnel has been disclosed in the respective bands. The Company discloses the actual remuneration paid to each director and the CEO 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 subsidiaries consists of three key components – fixed salary, variable incentive (performance bonus) and benefits-in-kind (housing benefits). Table 4 and Table 4A set out the breakdown of the remuneration of the directors (including the CEO) and the top five key management personnel (who are not directors or the CEO), respectively, as well as the total remuneration paid to these key management personnel in aggregate, for FY2019. Regarding the Code's recommendation to fully disclose the remuneration of directors and 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 CEO provide sufficient overview of the remuneration of directors and the CEO. Please also refer to Provisions 7.1 and 7.2 above for further details on the Company's policy and criteria for setting remuneration.
8.2	**REMUNERATION OF EMPLOYEES WHO ARE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY, OR ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR, THE CEO OR A SUBSTANTIAL SHAREHOLDER OF THE COMPANY** There are no substantial shareholders of the Company, or immediate family member (defined in the Listing Manual as the spouse, child, adopted child, step-child, brother, sister and parent) of a director, the CEO or a substantial shareholder, in the employment of the Company whose annual remuneration exceeded S$100,000 during FY2019.

Provisions	Corporate Governance Practices of the Company
8.3	All forms of remuneration and other payments and benefits to directors and key management personnel of the Group are disclosed in Table 4 and Table 4A. The Company has a share incentive scheme known as the "Uni-Asia Group Performance Share Plan". Further details of the PSP, including the key terms of the PSP, are set out above under "Share Incentive Scheme".

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provisions **Corporate Governance Practices of the Company**

9.1 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.

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-a-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 a code of conduct and ethics, 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 are adequate and effective.

Provisions	**Corporate Governance Practices of the Company**
	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 FY2019, 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 (including the financial, operational, compliance and information technology controls) and risk management within the Group that has been maintained by the Group's management and that was in place throughout the financial year are adequate and effective. 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, due to errors, fraud or irregularities. 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. No material internal control weaknesses were identified during the financial year. The Company has not put in place a Risk Management Committee. However, the Management has 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. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. Details of the Group's risk management policy are set out in Note 31 "Financial Risk Management" of the Notes to the Consolidated Financial Statements.
9.2	The Board has received assurance from (a) the CEO 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; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provisions	**Corporate Governance Practices of the Company**
10.1	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 (including the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance); (b) reviews with the internal and external auditors, their audit plans and audit reports;

Provisions	Corporate Governance Practices of the Company

(c) reviews the cooperation given by the Company's officers to the external auditors;

(d) reviews the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

(e) reviews at least annually the adequacy and effective of the Company's internal controls and risk management systems;

(f) reviews the assurance from the CEO and the Group CFO on the financial records and financial statements;

(g) reviews interested person transactions and transactions falling within the scope of Chapter 10 of the Listing Manual;

(h) nominates and reviews the appointment or re-appointment of external auditors;

(i) make recommendations to the Board on the remuneration and terms of engagement of external auditors;

(j) reviews the independence of the external auditors annually;

(k) reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(l) 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

(m) 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.

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 or regulation or rules of the SGX-ST or any other regulatory authority in Singapore 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.

Provisions	Corporate Governance Practices of the Company

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.

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 2019, the AC is of the opinion 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 reappointment.

In recommending the re-appointment of the auditors, the Audit Committee considered and reviewed various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements, the number and 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.

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.

Summary of AC's activities in 2019

(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 and 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;

Provisions	Corporate Governance Practices of the Company

(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;

(ix) reviewed interested party transactions;

(x) reviewed with the CEO, Group CFO and external auditors on the changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements; and

(xi) reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 as well as the Independent Auditors' Report thereon before submitting them to the Board for its approval.

Financial Reporting Matters

In the review of the balance sheet of the Company and the consolidated financial statements of the Group, the AC discussed with management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgements made in the preparation 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:

Matters Considered	Action
i. Assessment of impairment of vessels held as property, plant and equipment. ii. Fair valuation of unlisted investments (for both ships and properties).	The AC met with management to consider the approach and methodology adopted for the valuation models used for impairment assessment and fair valuation of investments including the reasonableness of cash flow forecasts and discount rates used in the valuation models. 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 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 2019.

Following the review and discussions, the AC recommended to the Board to approve the financial statements for FY2019.

Provisions	Corporate Governance Practices of the Company
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 significant associated companies 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 subsidiary" 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.
10.2	The AC, regulated by a set of written terms of reference, comprises three NEIDs, all of whom are non-executive, and the majority of whom, including the AC Chairman, are independent. The names of the members of the AC are disclosed in Table 2. The AC has two members namely, Mr. Lee Gee Aik (being the AC Chairman) and Mr. Chan Kam Loon, who have recent and relevant accounting or related financial management expertise or experience.
10.3	None of the AC members were previous partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation and none of the AC members hold any financial interest in the auditing firm or auditing corporation.
10.4	The Group has outsourced its internal audit function to external audit professionals, RSM Consulting (Hong Kong) Limited. In addition, each of Uni-Asia Capital (Japan) Ltd ("**UACJ**") and Vista Hotel Management Co., 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. In this regard, the Company does not separately have a head of internal audit function to whom the internal auditor of Japan reports. 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. The AC also decides on the appointment, termination and remuneration of the external audit professionals. The AC has reviewed the adequacy and effectiveness of the internal audit function and is satisfied that the internal audit function is independent, effective and adequately resourced, has unfettered access to all the Group's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals. 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 in consultation with the AC 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.

Provisions	Corporate Governance Practices of the Company
	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.
10.5	Annually, the AC meets (physically or via teleconference) separately with the internal and external auditors without the presence of Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions	Corporate Governance Practices of the Company
11.1	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. 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. At every AGM, the Company is likely to present a review on the Group'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. Shareholders are also informed of the rules, including the voting procedures that govern general meetings. 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.
11.2	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.

Provisions	Corporate Governance Practices of the Company
11.3	All directors 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. All directors attended the Company's last AGM in FY2019 on 26 April 2019.
11.4	Under the Company's Constitution and pursuant to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies to attend AGMs and any other general meeting. A registered shareholder who is not a relevant intermediary may appoint up to two proxies. 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. Accordingly, the Company's Constitution does not currently expressly provide for such absentia voting methods at general meetings of shareholders.
11.5	Questions, comments received from shareholders and responses from the Board and Management were recorded in the minutes of general meetings. The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by Provision 11.5. There may be potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting or of disclosure of sensitive information to the Group's competitors. The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. In this regard, the minutes of general meetings are available to shareholders upon their request. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.
11.6	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 Company had also provided guidance on dividends in respect of FY2019 and FY2020. As stated in the Company's announcement dated 8 April 2019, in view of then current business and market situation and the Group's financial prospects, the Board intends to recommend and distribute dividends of not less than 35% and 40% of the Group's consolidated net profit after tax (excluding non-recurring, one-off and exceptional items) in respect of FY2019 and FY2020, respectively. Such dividends are expected to be paid on a semi-annually basis and are intended to be announced together with the Company's financial results for the financial period ending 30 June or 31 December (as the case may be) and paid out accordingly, based on resolutions approved by the Board and (if required) based on resolutions approved by the Company's shareholders at its Annual General Meeting.

Provisions	Corporate Governance Practices of the Company
	Investors should note that such guidance statements are statements of the Board's then present intention and do not constitute a legally binding obligation of the Company in respect of dividends; they are subject to modification, including reduction or non-declaration of dividends. Dividends declared are subject to the applicable law(s) and the Company's Constitution as well as the availability of the Company's earnings, the Group's financial position, capital expenditure requirements, future expansion and investment plans and other relevant factors as may be determined by the Board. Investors should not infer the foregoing statements as to actual future profitability or ability to pay dividends. The actual distribution of a dividend will be subject to a specific decision of the Board, taking into account such factors as the Board may deem appropriate. The declaration of a final one-tier tax-exempt dividend of S$0.022 per share has been proposed for FY2019. Together with the interim one-tier tax-exempt dividend of S$0.02 per share paid in September 2019, the total ordinary dividend for FY2019 is S$0.042 per share.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions	Corporate Governance Practices of the Company
12.1	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. 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.
12.2	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.

Provisions	Corporate Governance Practices of the Company
	In addition, the Company has appointed a professional investor relations firm to promote effective and fair 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.
12.3	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 34 of this annual report. In particular, shareholders could contact the Company's investor relations officers directly with questions and the Company may respond to such questions through such officers. The contact details of such officers are also set out under "Investor Relations".

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions	Corporate Governance Practices of the Company
13.1	The Company has appropriate channels in place to identify and engage with its key stakeholder groups. The Company recognises the importance of understanding the Group's businesses and regular interactions with key stakeholders to determine material issues for the Group's businesses. The Company embarked on a stakeholder engagement exercise with clients, suppliers, governments and the community in FY2019 for its sustainability reporting. The objective was to validate the group's materiality issues and align our sustainability goals with those of our stakeholders in order to prioritise resources for various sustainability programs. Feedback from all stakeholder groups was solicited through open dialogues on a regular basis. Internal stakeholder workshops for account-drivers and overseas markets were also organised to gather more in-depth views to enhance the Company's sustainability reporting.
13.2	The strategy and key areas of focus in relation to the management of stakeholder relationships are disclosed under "Stakeholder Engagement" of the FY2019 Sustainability Report.
13.3	The Company provides timely and informative updates relating to company announcements, quarterly financial results announcements, news releases and corporate presentations on its corporate website. Moving forward, the Company will include more details on its management of stakeholder relationships during the reporting period, including best practices for compliance.

Provisions	Corporate Governance Practices of the Company
	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 the Executive Directors, which are still subsisting as at the end of FY2019, 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.
	SUSTAINABILITY REPORTING
Rule 711A-711B of the SGX-ST Listing Manual	The Group is committed to good corporate citizenship and sustainable business practices. We believe in creating shared value and improving the impact of our businesses on society and the environment. We will be releasing our 3rd Sustainability Report for year 2019 which will reflect the Group's performance on sustainability across business segments in significant locations of operations. Similar to last year, our 2019 Sustainability Report is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards ("**Sustainability Reporting Framework**"), and is in line with the SGX-ST requirements on sustainability reporting. The Group has reviewed the previous year's material Environmental, Social and Governance ("**ESG**") factors based on business operations and understanding of stakeholder concerns and will continue with ESG factors identified in the previous year. The Group believes that adopting and considering sustainability in strategy formulation will help to improve performance and achieve sustainable growth in the changing business environment. Our Sustainability Report 2019 includes the Group's performance and targets on each material ESG factor. We hope our stakeholders find our Sustainability Report informative. We look forward to receiving valuable feedback from our stakeholders to make continued progress in this area.

Provisions	Corporate Governance Practices of the Company
	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, on normal commercial terms and are not prejudicial to the interests of the Company and its minority 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: The Company's controlling shareholder, Yamasa Co., Ltd (and its associates):-

Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920	
Nature	**Amount USD'000**	**Nature**	**Amount USD'000**
Equity contribution and shareholders' loan to joint investment companies where Yamasa Co., Ltd holds 50% or more stake	1,488.0	Administration fee income	642.8
		Advisory fee income	400.0
		Brokerage fee income	365.2
		Commercial management fee income	812.3
		Technical consultancy fee income	23.2
		Construction management fees	131.5
		Property management fee	115.0
Total	**1,488.0**	**Total**	**2,490.0**

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS AND AGM FOR FY2019

	BOARD		AUDIT		REMUNERATION		NOMINATING		AGM	Attendance	
	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	Attended	Total	%
Michio Tanamoto	4	4	–	–	–	–	–	–	1	5/5	100%
Masahiro Iwabuchi	4	4	–	–	–	–	–	–	1	5/5	100%
Kenji Fukuyado	4	4	–	–	–	–	–	–	1	5/5	100%
Yukihiro Toda	4	4	–	–	–	–	–	–	1	5/5	100%
Lee Gee Aik	4	4	4	4	1	1	1	1	1	11/11	100%
Chan Kam Loon	4	4	4	4	1	1	1	1	1	11/11	100%
Juliana Lee Kim Lian[(1)]	4	4	4	4	1	1	1	1	1	11/11	100%

Note:

(1) Appointed on 1 March 2019.

TABLE 2 – BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Michio Tanamoto	Executive Chairman/Non-independent	–	–	–
Kenji Fukuyado	Executive/Non-independent	–	–	–
Masahiro Iwabuchi	Executive/Non-independent	–	–	–
Yukihiro Toda	Executive/Non-independent	–	–	–
Lee Gee Aik	Non-Executive/Independent	Chairman	Member	Member
Chan Kam Loon	Non-Executive/Independent	Member	Chairman	Member
Juliana Lee Kim Lian(1)	Non-Executive/Independent	Member	Member	Chairman

Note:

(1) Appointed on 1 March 2019.

TABLE 3 – DATE OF DIRECTORS' INITIAL APPOINTMENT, LAST RE-ELECTION AND THEIR DIRECTORSHIPS/PRINCIPAL COMMITMENTS

Name of Director	Age	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 5 years) directorships in listed companies	Principal commitments
Michio Tanamoto	63	17/03/1997	–	Uni-Asia Group Limited	–	Full time employment with the Group
Kenji Fukuyado	56	01/03/2018	27/04/2018	Uni-Asia Group Limited	–	Full time employment with the Group
Masahiro Iwabuchi	57	01/03/2018	27/04/2018	Uni-Asia Group Limited	–	Full time employment with the Group
Yukihiro Toda	57	01/03/2018	27/04/2018	Uni-Asia Group Limited	–	Full time employment with the Group
Lee Gee Aik	61	04/01/2016	27/04/2018	1) Uni-Asia Group Limited 2) Anchun International Limited 3) SHS Holdings Limited 4) Astaka Holdings Limited	1) International Healthway Corporation Limited 2) LHN Limited	Nil
Chan Kam Loon	59	01/03/2018	26/04/2019	1) Uni-Asia Group Limited 2) Sarine Technologies Ltd 3) Megachem Ltd 4) Hupsteel Ltd 5) Jiutian Chemical Group Ltd	1) China Gaoxian Fibre Fabric Holdings Ltd 2) Z-Obee Holdings Ltd 3) Vashion Group Ltd	Nil
Juliana Lee Kim Lian	53	01/03/2019	26/04/2019	1) Nordic Group Limited 2) Dyna-Mac Holdings Ltd	1) Lee Metal Group Ltd 2) Forise International Limited	Director, Aptus Law Corporation

TABLE 4 - REMUNERATION OF DIRECTORS FOR FY2019

Name of Directors	Position	Breakdown Of Remuneration In Percentage (%) Directors' Fee %	Salary %	Cash Performance Bonus %	Benefits-in-Kind[1] %	Total	Total Remuneration in compensation bands of S$100,000
Michio Tanamoto	Executive	–	46.9%	23.4%	29.7%	100%	S$600,001 - S$700,000
Kenji Fukuyado	Executive	–	49.1%	24.5%	26.4%	100%	S$600,001 - S$700,000
Masahiro Iwabuchi	Executive	–	49.8%	24.9%	25.3%	100%	S$600,001 - S$700,000
Yukihiro Toda	Executive	–	61.9%	33.8%	4.3%	100%	S$400,001 - S$500,000
Masaki Fukumori[2]	Executive	–	57.9%	–	42.1%	100%	S$100,001 - S$200,000
Lee Gee Aik	Independent	100%	–	–	–	100%	<S$100,000
Chan Kam Loon	Independent	100%	–	–	–	100%	<S$100,000
Juliana Lee Kim Lian[3]	Independent	100%	–	–	–	100%	<S$100,000
Rajan Menon[4]	Independent	100%	–	–	–	100%	<S$100,000
The Aggregate Total Remuneration (S$'000) of Directors						2,862	

Note:

[1] Benefits-in-kind include employer's contribution to defined contribution plan (e.g. Central Provident Fund), housing, etc.
[2] Retired on 1 March 2019
[3] Appointed on 1 March 2019.
[4] Retired on 26 April 2019.

TABLE 4A - REMUNERATION OF KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR FY2019

Name of Top 5 Key Management Personnel	Position	Breakdown Of Remuneration In Percentage (%) Salary %	Cash Performance Bonus %	Benefits-in-Kind[1] %	Total	Total Remuneration in compensation bands of S$250,000
Zac K. Hoshino	Senior Managing Director	70.3%	9.3%	20.4%	100%	S$250,001 - S$500,000
Lim Kai Ching	Group Chief Financial Officer	73.1%	22.2%	4.7%	100%	S$250,001 - S$500,000
Matthew Yuen	Managing Director	74.5%	20.1%	5.4%	100%	S$250,001 - S$500,000
Makoto Tokozume	Executive Vice President	85.9%	8.9%	5.2%	100%	S$250,001 - S$500,000
Kenneth Wong	General Manager	50.8%	46.9%	2.3%	100%	S$250,001 - S$500,000
The Aggregate Total Remuneration (S$'000) of Top 5 Key Management Personnel					1,765	

Note:

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

FINANCIAL CONTENTS

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Uni-Asia Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Michio Tanamoto
Kenji Fukuyado
Masahiro Iwabuchi
Yukihiro Toda
Lee Gee Aik
Philip Chan Kam Loon
Juliana Lee Kim Lian (Appointed on 1 March 2019)

On 1 March 2019, Masaki Fukumori resigned as a director of the Company.

In accordance with Article 94 of the Company's constitution, Michio Tanamoto, Masahiro Iwabuchi and Lee Gee Aik retire and, being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares or debentures

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

DIRECTORS' STATEMENT

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares of the Company and related corporation as stated below:

	Holdings registered in the name of directors	
	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company		
Michio Tanamoto	1,100,312	1,970,468
Kenji Fukuyado	420,000	803,000
Masahiro Iwabuchi	72,000	197,000
Yukihiro Toda	28,737	93,105

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

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

Share options

During the financial year, there was:

(a) no option granted by the Company to any person to take up unissued shares of the Company; and

(b) no share issued by virtue of the exercise of options to take up unissued shares of the Company.

At the end of the financial year, there was no unissued share of the Company under option.

Audit committee

The audit committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors

- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor

- Reviewed the nature and extent of non-audit services provided by the external auditor

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Michio Tanamoto
Director

Kenji Fukuyado
Director

Singapore
16 March 2020

To the Members of Uni-Asia Group Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the financial statements of Uni-Asia Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, 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 are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 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 ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *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 Matters

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

Key Audit Matters (cont'd)

Impairment of vessels held as property, plant and equipment

The Group operates a ship owning and chartering business as disclosed in Note 3 to the financial statements. The total carrying amount of the vessels held as property, plant and equipment is US$168.8 million and represents 33% of the total non-current assets as at 31 December 2019. As disclosed in the Group's accounting policy, Management assessed at the financial year end whether there are any indicators of impairment for the vessels. If there are such indications, an impairment assessment will be carried out.

We have identified this area as a key audit matter due to the magnitude of the carrying amount of vessels, management's judgement in identifying indicators of impairment and the use of various assumptions and estimates in the impairment test.

As part of our audit procedures, we have assessed management's identification of impairment indicators taking into consideration both internal and external sources of information. Internal sources include operating results and operating cash flows of each vessel, and forecast for the subsequent years. External sources of information include shipping rates at and subsequent to the year and the existence of any adverse events during the year that will significantly impact the carrying value of the vessels.

For vessels with indicators of impairment, we addressed the appropriateness of the impairment assessment based on IAS 36 Impairment of Assets requirements. We assessed the cash flow forecast against current and forecast charter hire rates 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 discount rate.

Fair value of unlisted shares in shipping companies

The Group invested in unlisted shares of special purpose companies that own and charter ships which were carried at fair value through profit or loss as disclosed in Note 6 to the financial statements. These investments are significant to our audit due to the magnitude of their total carrying amount of US$4.5 million of the total non-current assets as at 31 December 2019. The fair value changes in the unlisted shares are primarily driven by the change in fair value of the underlying vessels held by the investee companies. Management generally engages an external independent valuer to perform the valuation. Such valuation involved significant judgement 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 competencies 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 charter rates and the discount rates. We have also assessed the appropriateness of Note 32 in relation to the disclosures of valuation technique, inputs used, and the sensitivity analysis.

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

The Group holds commercial office buildings and small residential properties as investment properties as disclosed in Note 5 to the financial statements. In addition, the Group also invests in unlisted shares of special purpose companies that hold commercial office buildings and small residential properties for capital appreciation which were carried at fair value through profit or loss as disclosed in Note 6 to the financial statements.

The fair valuation of these investment properties and unlisted shares in commercial office buildings and small residential properties were significant to our audit due to the magnitude of their total carrying amount of US$32.5 million representing 6% of the total non-current and current assets as at 31 December 2019 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.

Key Audit Matters (cont'd)

Fair value of investment properties and unlisted shares in commercial office buildings and small residential property developments (cont'd)

Management determines the individual fair value of the commercial office buildings and small residential properties quarterly and at the end of the year. As part of our audit procedures, we have considered the competencies 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 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 32 relating to the disclosures of valuation technique, inputs used and the sensitivity analysis.

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

In preparing the 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.

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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Wong Yew Chung.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
16 March 2020

BALANCE SHEETS

As at 31 December 2019

	Notes	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
ASSETS					
Non-current assets					
Investment properties	5	16,397	16,248	–	–
Investments	6	20,026	28,914	–	–
Investment in subsidiary	28	–	–	110,457	109,276
Investment in associate		27	–	–	–
Intangible assets	7	3	25	–	–
Property, plant and equipment	8	170,003	177,893	6	–
Right-of-use assets	30(a)	294,201	–	340	–
Rental deposit		6,964	7,083	–	–
Derivative financial instruments	10	–	209	–	–
Finance lease receivable	33(d)	–	7,397	–	–
Accounts receivable	11	–	730	–	–
Deferred tax assets	24(b)	209	120	–	–
Total non-current assets		507,830	238,619	110,803	109,276
Current assets					
Investments	6	1,945	9,204	–	–
Loans receivable	9	950	51	–	–
Derivative financial instruments	10	42	473	–	–
Finance lease receivable	33(d)	7,580	393	–	–
Accounts receivable	11	7,381	6,434	–	–
Amounts due from subsidiaries	28(e)	–	–	3,428	2,001
Prepayments, deposits and other receivables		8,497	9,700	328	390
Tax recoverable		945	229	–	–
Asset held for sale	12	–	22,423	–	–
Deposits pledged as collateral	13	2,819	3,236	–	–
Cash and bank balances	14	56,089	43,462	2,850	948
Total current assets		86,248	95,605	6,606	3,339
Total assets		594,078	334,224	117,409	112,615

BALANCE SHEETS

As at 31 December 2019

	Notes	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
EQUITY					
Equity attributable to owners of the parent					
Share capital	15	113,174	109,276	113,174	109,276
Retained earnings		14,055	18,667	2,470	3,035
Hedging reserve	27(a)	(487)	695	–	–
Exchange reserve	27(b)	1,734	1,498	–	–
Capital reserve	27(c)	(2,877)	(2,899)	–	–
Total equity attributable to owners of the parent		125,599	127,237	115,644	112,311
Non-controlling interests		469	6,095	–	–
Total equity		126,068	133,332	115,644	112,311
LIABILITIES					
Non-current liabilities					
Borrowings	16	71,289	111,525	–	–
Lease liabilities	30(b)	286,212	–	171	–
Derivative financial instruments	10	579	306	–	–
Deferred tax liabilities	24(b)	502	510	–	–
Other payables		82	79	–	–
Provision for onerous contract	17	–	3,659	–	–
Total non-current liabilities		358,664	116,079	171	–
Current liabilities					
Borrowings	16	71,287	69,193	743	–
Lease liabilities	30(b)	23,685	–	180	–
Due to Tokumei Kumiai investors		1,194	2,307	–	–
Derivative financial instruments	10	496	192	–	–
Accounts payable	18	4,002	4,204	–	–
Amounts due to subsidiary		–	–	265	10
Other payables and accruals		8,012	7,666	406	294
Provision for onerous contract	17	–	1,033	–	–
Income tax payable		670	218	–	–
Total current liabilities		109,346	84,813	1,594	304
Total liabilities		468,010	200,892	1,765	304
Total equity and liabilities		594,078	334,224	117,409	112,615

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2019

	Notes	Group 2019 US$'000	Group 2018 US$'000
Charter income		36,525	39,644
Fee income	19	7,790	7,003
Hotel income	19	81,244	68,587
Investment returns	20	8,776	5,760
Interest income	21	1,052	866
Other income		625	1,421
Total income		136,012	123,281
Employee benefits expenses	22	(20,333)	(18,764)
Amortisation and depreciation		(10,508)	(10,423)
Depreciation of right-of-use assets	30(a)	(21,938)	–
Vessel operating expenses		(17,727)	(18,621)
Hotel lease expenses		(8,194)	(23,450)
Hotel operating expenses		(37,120)	(31,802)
Gain on disposal of property, plant and equipment		4,265	113
Reversal of impairment of property, plant and equipment		–	24
Provision for onerous contract	17	–	(2,957)
Net foreign exchange loss		(117)	(204)
Other expenses	23	(4,693)	(5,338)
Total operating expenses		(116,365)	(111,422)
Operating profit		19,647	11,859
Finance costs – interest expense	21	(5,314)	(5,815)
Finance costs – lease interest	21	(4,739)	–
Finance costs – others		(319)	(424)
Share of results of an associate		(5)	–
Allocation to Tokumei Kumiai[(1)] investors		(1,794)	(1,267)
Profit before tax		7,476	4,353
Income tax expense	24(a)	(871)	(433)
Profit for the year		6,605	3,920
Attributable to:			
Owners of the parent		5,848	1,234
Non-controlling interests		757	2,686
		6,605	3,920

Profit per share attributable to owners of the parent (US cents per share):		**2019**	**Adjusted 2018**
- Basic and diluted	26	7.64	1.75

(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 2019

	Notes	Group 2019 US$'000	Group 2018 US$'000
Profit for the year		6,605	3,920
Other comprehensive expense for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		241	97
Net movement on cash flow hedges		(1,299)	(264)
Other comprehensive expense for the year, net of tax		(1,058)	(167)
Total comprehensive income for the year, net of tax		5,547	3,753
Attributable to:			
Owners of the parent		4,902	1,111
Non-controlling interests		645	2,642
		5,547	3,753

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Group	Notes	Attributable to the owners of the parent						Non-controlling interests	Total equity
		Share capital (Note 15)	Retained earnings	Hedging reserve	Exchange reserve	Capital reserve	Total		
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2018		109,276	19,674	943	1,373	(2,907)	128,359	7,606	135,965
Effect of adoption of IFRS 9		–	(15)	–	–	–	(15)	–	(15)
Profit for the year		–	1,234	–	–	–	1,234	2,686	3,920
Other comprehensive (expense)/income for the year		–	–	(248)	125	–	(123)	(44)	(167)
Total comprehensive income/(expense) for the year		–	1,234	(248)	125	–	1,111	2,642	3,753
Distributions to owners:									
Dividends in respect of 2017	25	–	(2,218)	–	–	–	(2,218)	–	(2,218)
Transfer to capital reserve		–	(8)	–	–	8	–	–	–
Payment to non-controlling interests		–	–	–	–	–	–	(4,153)	(4,153)
At 31 December 2018 and at 1 January 2019		109,276	18,667	695	1,498	(2,899)	127,237	6,095	133,332
Effect of adoption of IFRS 16		–	(8,707)	–	–	–	(8,707)	(32)	(8,739)
Profit for the year		–	5,848	–	–	–	5,848	757	6,605
Other comprehensive (expense)/income for the year		–	–	(1,182)	236	–	(946)	(112)	(1,058)
Total comprehensive income/(expense) for the year		–	5,848	(1,182)	236	–	4,902	645	5,547
Shares issued		3,898	–	–	–	–	3,898	–	3,898
Acquisition of additional interests in subsidiaries		–	2,103	–	–	–	2,103	(2,941)	(838)
Distributions to owners:									
Dividends in respect of 2018	25	–	(2,693)	–	–	–	(2,693)	–	(2,693)
Interim dividends in respect of 2019	25	–	(1,141)	–	–	–	(1,141)	–	(1,141)
Transfer to capital reserve		–	(22)	–	–	22	–	–	–
Payment to non-controlling interest		–	–	–	–	–	–	(3,298)	(3,298)
At 31 December 2019		113,174	14,055	(487)	1,734	(2,877)	125,599	469	126,068

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Company	Share capital (Note 15)	Retained earnings	Total equity
	US$'000	US$'000	US$'000
At 1 January 2018	109,276	2,332	111,608
Profit for the year, representing total comprehensive income for the year	–	2,921	2,921
Distribution to owners - dividend in respect of 2017	–	(2,218)	(2,218)
At 31 December 2018 and at 1 January 2019	109,276	3,035	112,311
Profit for the year, representing total comprehensive income for the year	–	3,269	3,269
Shares issued	3,898	–	3,898
Distribution to owners - dividend in respect of 2018	–	(2,693)	(2,693)
Distribution to owners - interim dividend in respect of 2019	–	(1,141)	(1,141)
At 31 December 2019	113,174	2,470	115,644

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Notes	Group 2019 US$'000	Group 2018 US$'000
Cash flows from operating activities			
Profit before tax		7,476	4,353
Adjustments for:			
Investment returns	20	(8,776)	(5,760)
Amortisation and depreciation		10,508	10,423
Depreciation of right-of-use assets	30(a)	21,938	–
Gain on disposal of property, plant and equipment		(4,265)	(113)
Reversal of impairment of property, plant and equipment	8	–	(24)
Provision for onerous contract	17	–	2,957
(Reversal of allowance)/allowance for accounts receivable		(30)	15
Net foreign exchange loss		117	204
Interest income	21	(1,052)	(866)
Finance costs – interest expense	21	5,314	5,815
Finance costs – lease interest	21	4,739	–
Finance costs – others		319	424
Share of results of an associate		5	–
Allocation to Tokumei Kumiai investors		1,794	1,267
Operating cash flows before changes in working capital		38,087	18,695
Changes in working capital:			
Net change in accounts receivable		(151)	(1,525)
Net change in prepayments, deposits and other receivables		(132)	(196)
Net change in accounts payable		(199)	141
Net change in other payables and accruals		2,561	(668)
Cash flows generated from operations		40,166	16,447
Interest received on bank balances		401	298
Tax (paid)/reimbursed		(1,224)	254
Net cash flows generated from operating activities		39,343	16,999

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Notes	Group 2019 US$'000	Group 2018 US$'000
Cash flows from investing activities			
Purchase of investment properties		(7,709)	(10,257)
Purchase of investments		(7,005)	(17,480)
Proceeds from sale of investment properties		9,082	11,581
Proceeds from redemption/sale of investments		13,500	23,487
Deconsolidation of consolidated entities	29	(2,306)	(19)
Proceeds from finance lease		354	371
Hotel lease deposit		(115)	(2,326)
Deposits refund/(paid) for small residential projects		527	(90)
Purchase of property, plant and equipment		(2,846)	(1,297)
Proceeds from disposal of property, plant and equipment	8,12	27,841	14,393
Net redemption from Tokumei Kumiai investors		(1,490)	(1,108)
Net loans advanced		(899)	(51)
Interest received from loans and finance lease		585	502
Net decrease in deposits pledged as collateral		392	505
Income proceeds from investments		13,424	16,346
Settlement of derivative financial instruments		(9)	(12)
Proceeds from property rental		566	860
Net cash flows generated from investing activities		43,892	35,405
Cash flows from financing activities			
Net proceeds from issue of shares	15	3,998	–
Proceeds from borrowings	16	13,604	16,015
Repayment of borrowings	16	(50,599)	(53,710)
Interests and other finance cost paid on borrowings		(5,514)	(5,740)
Lease principal paid	30(b)	(20,664)	–
Lease interest paid	30(b)	(4,739)	–
Dividends paid		(3,826)	(2,218)
Payment to non-controlling interest		(3,297)	(4,152)
Net cash flows used in financing activities		(71,037)	(49,805)
Net increase in cash and cash equivalents		12,198	2,599
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the year		43,462	40,556
Net increase in cash and cash equivalents		12,198	2,599
Effects of foreign exchange rate changes, net		429	307
Cash and cash equivalents at end of the year	14	56,089	43,462

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. Corporate information

Uni-Asia Group Limited (the "Company") is a limited liability company incorporated in Singapore on 12 January 2017 and its shares are listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 8 Shenton Way, #37-04 AXA Tower, Singapore 068811.

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

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") and Singapore Financial Reporting Standards (International) (SFRS(I)s) issued by the Singapore Accounting Standards Council ("ASC"), which the Group adopted on 1 January 2018.

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.

Going concern

At the year ended 31 December 2019, the Group has net current liabilities of US$23.0 million. The initial net current liability position is not a going concern indicator because the liability position is a result of an accounting impact that arise from the adoption of IFRS 16 with current lease liabilities of US$23.7 million. The Group is profit-making and is generating positive cash flows to meet its financial obligations as and when they fall due. Furthermore, depreciation of right-of-use assets are non-cash items hence it will not adversely affect the group's future operating cash flow.

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. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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. 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.

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

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

2.1 Basis of preparation (cont'd)

Basis of consolidation (cont'd)

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 the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.2 Changes in accounting policies and disclosures

New and amended standards and interpretations effective on 1 January 2019

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective as of 1 January 2019:

IFRS 16 *Leases*
IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*
Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*
Annual Improvements to IFRSs 2015-2017 Cycle
Amendments to IFRS 3 *Business Combinations*
Amendments to IFRS 11 *Joint Arrangements*
Amendments to IAS 12 *Income Taxes*
Amendments to IAS 23 *Borrowing Costs*

Except for the impact arising from the adoption of IFRS 16 described below, the adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

IFRS 16 *Leases*

IFRS 16 supersedes 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*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard is recognised at the date of initial application.

The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

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

2.2 Changes in accounting policies and disclosures (cont'd)

New and amended standards and interpretations effective on 1 January 2019 (cont'd)

IFRS 16 *Leases* (cont'd)

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	US$'000
Assets	
Right-of-use assets	266,052
Prepayments	(81)
Total assets	265,971
Liabilities	
Lease liabilities	279,402
Provision for onerous contract (Note 17)	(4,692)
Total liabilities	274,710
Total adjustment on equity:	
Retained earnings	(8,739)
Non-controlling interests	32
	(8,707)

The Group has lease contracts for vessel, office and hotel properties. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. Refer to Note 2.23 Leases for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.23 Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid lease payments and provision for onerous contract previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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

2.2 Changes in accounting policies and disclosures (cont'd)

New and amended standards and interpretations effective on 1 January 2019 (cont'd)

IFRS 16 *Leases (cont'd)*

Leases previously accounted for as operating leases (cont'd)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of US$266.1 million were recognised and presented separately in the statement of financial position.
- Lease liabilities of US$279.4 million were recognised and presented separately in the statement of financial position.
- Prepayments of US$0.08 million and provision for onerous contract of US$4.7 million related to previous operating leases were derecognised. The provisions for onerous contract of US$4.7 million were included as part of right-of-use assets.
- The net effect of these adjustments had been adjusted to retained earnings US$8.7 million and non-controlling interest US$0.03 million.

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

2.2 Changes in accounting policies and disclosures (cont'd)

New and amended standards and interpretations effective on 1 January 2019 (cont'd)

IFRS 16 *Leases (cont'd)*

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	US$'000
Operating lease commitments as at 31 December 2018 (Note 33(b))	308,310
Less: Commitments relating to short-term leases	(647)
Commitments relating to leases of low-value assets	(1,674)
Add: Lease payments not included in operating lease commitments as at 31 December 2018	11,823
	317,812
Weighted average incremental borrowing rate as at 1 January 2019	1.55% to 5.0%
Lease liabilities as at 1 January 2019	279,402

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to IFRS 3 *Definition of a Business*	1 January 2020
Amendments to IAS 1 and IAS 8 *Definition of Material*	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*	1 January 2022
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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.

2.4 Subsidiaries

A subsidiary is an investee that is 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 over 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.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

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

2.5 Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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 IFRS 9 *Financial Instruments: Recognition and Measurement* ("IFRS 9"). The accounting policy is set out in Note 2.16 financial assets.

2.6 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not the control or joint control over those policies.

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 IFRS 9. The accounting policy is set out in Note 2.16 financial assets.

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.

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

2.7 Fair value measurement (cont'd)

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; and

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.

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 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.

2.8 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

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

2.8 Revenue (cont'd)

Fee income

Fee income comprises of arrangement fee, agency fee, brokerage commission, project management fees, technical/commercial management fee, asset management fee, administration fee, incentive fee and etc. Fee income is recognised at point based on the contract price.

Arrangement fee is recognised when the performance obligations associated with the transaction or service are completed.

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 are recognised when pre-agreed terms and services have been rendered.

Hotel income and other related services

Hotel room income is recognised daily based on room occupancy. Other hotel related income are recognised when the goods are delivered or the services are rendered to the customers.

2.9 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred and included in administrative expenses.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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 fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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. 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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those 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 has been allocated to 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 these circumstance is measured based on the relative values of the disposed operation 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.

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

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to 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.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. 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.

Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. 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 the remaining period of the lease 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 3.5% - 25%, vessels at 4.0% - 5.0%, 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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

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

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

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 measured at cost and subsequently measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

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 useful lives are amortised over the estimated useful lives 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 financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are not amortised, but are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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

2.16 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The two measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

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

2.16 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) 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

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.17 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

No ECL is recognised on equity investments.

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

2.17 Impairment of financial assets (cont'd)

The Group rates its loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts into the following three categories. The impairment methodology applied for each category is described below:

(i) Performing exposures:

When first recognised, an allowance based on 12-month expected credit losses is recognised.

(ii) Underperforming exposures:

When the exposure shows a significant increase in credit risk but not credit impaired, the Group records an allowance for the lifetime expected credit loss.

(iii) Impaired exposures:

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and the Group accrues interest income on the amortised cost of the exposure, net of allowances based on the effective interest rate.

Determining the stage of impairment

At each reporting date, the Group considers whether there has been a significant increase in credit risk of an asset by comparing the lifetime probability of default upon initial recognition of the asset against the risk of a default occurring on the asset as at the end of each reporting period. The Group considers reasonable and supportable quantitative and qualitative information that is relevant and available without undue cost or effort for this purpose. In each case, this assessment is based on forward-looking assessment that takes into account forward looking of economic data, in order to recognise the probability of higher losses associated with more negative economic outlooks.

Exposures that have not deteriorated significantly since origination or which are less than 30 days past due, are considered to be "performing exposures". The allowance for credit losses for these financial assets is based on a 12-months ECL.

A significant increase in credit risk is assumed if the borrower falls more than 30 days past due in making its contractual payments, or if the credit quality was determined by management to have deteriorated significantly.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 60 days past due on its contractual payments or when there is objective evidence that the exposure is credit impaired. To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as significant delay in payments or known significant financial difficulties of the obligor.

Bank balances – The Group considers bank balances defaulted and takes immediate action when the required payments are not settled within the close of business as outlined in the individual agreements.

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

2.17 Impairment of financial assets (cont'd)

Determining the stage of impairment (cont'd)

Accounts receivables, other receivables and finance lease receivables – The Group takes the simplified approach for measuring ECLs for these financial assets and therefore does not track for significant increases in credit risk for this portfolios of financial assets. The Group applies a simplified approach in calculating ECLs for accounts receivables, other receivables and finance lease receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group applies the same criteria for default to determine credit-impaired exposures as described above.

If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the allowance for credit losses reverts from lifetime ECL to 12-months ECL and the reversal will be recognised in the income statement.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, exposures are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry and other relevant factors.

When an asset is uncollectible, it is written off against the related allowance for credit loss. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired

  As the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

- Financial assets that are credit-impaired

  As the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

- Financial guarantee contracts

  As the expected payments to reimburse the holder less any amounts that the Group expects to recover. If a loan is fully guaranteed, the ECL estimate for the financial guarantee contract would be the same as the estimated cash shortfall estimate for the loan subject to the guarantee.

ECLs are recognised using an allowance for credit loss account and a corresponding charge to the income statement.

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

2.17 Impairment of financial assets (cont'd)

Forward looking information

The Group incorporates forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECLs. The Group considers forward-looking information such as industry factors and economic forecasts. The inputs, assumptions and estimation techniques used to apply the above policies on accounting for impairment losses are further explained in Note 31(b).

2.18 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 flows management.

2.19 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.

(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.

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

2.19 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

2.20 Employee benefits

Pension obligations

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

2.21 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.

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.

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

2.21 Derivative financial instruments and hedge accounting (cont'd)

(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.

2.22 Foreign currency

The financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate 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 recognized 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.

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

2.22 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. 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.

2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Vessel	7 years
Office properties	3 years
Hotel properties	3 to 25 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The impairment of non-financial assets are further explained in Note 2.11.

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

2.23 Leases (cont'd)

Group as a lessee (cont'd)

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office properties, hotel properties and office equipments (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment and office properties that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policy prior to 1 January 2019

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.

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.

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

2.23 Leases (cont'd)

Policy prior to 1 January 2019 (cont'd)

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.

2.24 Provision

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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.

2.25 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 expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.27 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups 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.

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 2019, the Group is organised on a worldwide basis into seven main reportable segments (activities):

(i) Uni-Asia Shipping ("UAS") is the Group's ship owning and chartering business;

(ii) Maritime Asset Management ("MAM") comprises of the Group's ship investment activity as a venture capital/asset management as well as finance arrangement business;

(iii) Maritime Services is the Group's ship commercial/technical management business, as well as ship related brokerage service business;

(iv) Property Investment (ex-Japan) includes the Group's ex-Japan property investment, venture capital/asset management and related business;

(v) Property Investment (in-Japan) is the Group's in-Japan property investment/asset management and related business;

(vi) Hotel Operations in Japan; and

(vii) Headquarters' ("HQ") expenses

No operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

3. Segment information (cont'd)

(a) Operating segments (cont'd)

The segment results for the year ended 31 December 2019 were as follows:

	Shipping			Property and hotels					
2019	**UAS**	**MAM**	**Maritime services**	**Property investment (ex-Japan)**	**Property investment (in-Japan)**	**Hotel operations**	**HQ**	**Eliminations[1]**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total income									
External customers	29,223	10,559	1,290	6,835	5,582	81,434	37	–	134,960
Interest income	125	111	26	150	482	–	158	–	1,052
Inter-segment	–	217	1,116	–	286	33	–	(1,652)	–
	29,348	10,887	2,432	6,985	6,350	81,467	195	(1,652)	136,012
Results									
Amortisation and depreciation	(6,881)	(3,344)	(5)	(1)	(112)	(154)	(24)	13	(10,508)
Depreciation of right-of-use assets	(828)	–	–	–	80	(20,618)	(572)	–	(21,938)
Finance costs - interest expenses	(3,397)	(1,078)	–	–	(336)	(91)	(412)	–	(5,314)
Finance costs - lease interest	(440)	–	–	–	(3)	(4,240)	(56)	–	(4,739)
Finance costs - others	(125)	(8)	–	–	(174)	(52)	(2)	42	(319)
Share of results of an associate	–	–	–	–	(5)	–	–	–	(5)
Allocation to Tokumei Kumiai investors	–	–	–	–	(1,794)	–	–	–	(1,794)
Profit/(loss) before tax	3,269	(297)	590	5,803	4,931	(2,208)	(4,657)	45	7,476
Other segment item is as follows:									
Capital expenditure	703	1,241	8	–	7,785	505	6	–	10,248

3. **Segment information (cont'd)**

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

The segment results for the year ended 31 December 2018 were as follows:

	Shipping			Property and hotels					
2018	**UAS**	**MAM**	**Maritime services**	**Property investment (ex-Japan)**	**Property investment (in-Japan)**	**Hotel operations**	**HQ**	**Eliminations[(1)]**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total income									
External customers	31,291	4,512	930	11,139	5,821	68,709	13	–	122,415
Interest income	116	63	19	93	450	–	125	–	866
Inter-segment	–	257	1,172	–	1,982	639	–	(4,050)	–
	31,407	4,832	2,121	11,232	8,253	69,348	138	(4,050)	123,281
Results									
Amortisation and depreciation	(6,515)	(3,086)	(5)	(1)	(596)	(106)	(127)	13	(10,423)
Impairment of property, plant and equipment	735	(3,048)	–	–	2,281	–	–	56	24
Finance costs - interest expenses	(3,476)	(1,099)	–	(168)	(715)	(49)	(319)	11	(5,815)
Finance costs - others	(194)	(26)	–	(22)	(233)	(44)	–	95	(424)
Allocation to Tokumei Kumiai investors	–	–	–	–	(1,267)	–	–	–	(1,267)
Profit/(loss) before tax	3,227	(9,393)	433	9,620	4,426	617	(4,628)	51	4,353
Other segment item is as follows:									
Capital expenditure	952	–	5	–	10,508	231	4	–	11,700

3. Segment information (cont'd)

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

The segment assets and liabilities were as follows:

	Shipping			Property and hotels					
	UAS	**MAM**	**Maritime services**	**Property investment (ex-Japan)**	**Property investment (in-Japan)**	**Hotel operations**	**HQ**	**Eliminations[1]**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2019									
Segment assets:									
Total assets	148,058	45,256	2,126	30,648	40,950	315,202	14,943	(3,105)	594,078
Segment liabilities:									
Total liabilities	90,734	38,391	656	4,797	18,456	318,530	11,358	(14,912)	468,010
2018									
Segment assets:									
Total assets	152,673	48,056	1,992	34,053	65,680	20,701	14,087	(3,018)	334,224
Segment liabilities:									
Total liabilities	93,586	37,957	546	17,827	46,159	14,572	9,801	(19,556)	200,892

(1) Inter-segment transactions are eliminated on consolidation.

3. Segment information (cont'd)

(a) Operating segments (cont'd)

Segment assets consist primarily of investment properties, property, plant and equipment, right-of-use assets, receivables, investments, deposits pledged as collateral, cash and bank balances and derivative financial instruments.

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

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

(b) Geographical information

The Group's seven 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.

	Group	
	2019	**2018**
	US$'000	US$'000
Total income:		
Global	39,990	36,092
Asia (ex-Japan)	8,078	11,553
Japan	87,944	75,636
	136,012	123,281

3. Segment information (cont'd)

(b) Geographical information (cont'd)

During the year, there was no revenue (2018: no revenue) from transactions with a single customer that amounts to ten per cent (10%) or more of the Group's revenue.

	Group	
	2019	**2018**
	US$'000	US$'000
Non-current assets:		
Global	175,705	183,706
Asia (ex-Japan)	16,841	23,683
Japan	315,284	31,230
	507,830	238,619

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.

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 judgements, 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.

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

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

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 rates, disposal values, operational expenses, and the discount rate.

The carrying amount of the vessels held as property, plant and equipment as at 31 December 2019 is disclosed in Note 8.

(b) Fair value of unlisted shares in shipping companies

The Group invested in unlisted shares of special purpose companies that own and charter ships which were carried at fair value through profit or loss. The Group generally used external valuation reports in the fair valuation of the unlisted shares. The key assumptions used in the valuation are daily charter rates, terminal values, operational expenses, and the discount rate. The significant unobservable inputs used in fair valuation including its sensitivity analysis are disclosed in Note 32(c).

The carrying amount of the unlisted shares in shipping companies as at 31 December 2019 are disclosed in Note 6.

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

The Group held commercial office buildings 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 commercial office buildings and small residential properties measured at fair value through profit or loss. The Group generally used external valuation reports in determining fair value of commercial office buildings 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, gross capitalisation rates, expense ratio and discount rate. The significant unobservable inputs used in fair valuation including its sensitivity analysis are disclosed in Note 32(c).

The carrying amount of the investment properties and unlisted shares in commercial office buildings and small residential property developments as at 31 December 2019 are disclosed in Note 5 and Note 6 respectively.

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

Estimates and assumptions (cont'd)

(d) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. Investment properties

	Group	
	2019	**2018**
	US$'000	US$'000
At 1 January	16,248	14,975
Additions	7,709	10,257
Disposals	(7,763)	(9,164)
Currency translation differences	203	180
At 31 December	16,397	16,248

The following amounts are recognised in profit or loss:

	Group	
	2019	**2018**
	US$'000	US$'000
Rental income	452	681
Direct operating expenses arising from:		
- Investment properties that generated rental income	243	259
- Investment properties that did not generate rental income	48	–

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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	36 years
3-8-8 Takadanobaba, Shinjuku-ku, Tokyo[2]	Residential	Freehold	–
1-18-12 Kamiuma, Setagaya-ku, Tokyo[3]	Residential	Freehold	–
1-7-13 ShimoOchiai, Shinjuku-ku, Tokyo[4]	Residential	Freehold	–
4-40 Kamiuma, Setagaya-ku, Tokyo[5]	Residential	Freehold	–
4-35-13, Sengoku, Bunkyo-ku, Tokyo[6]	Residential	Freehold	–
2-29-3 Sasazuka, Shibuya, Tokyo[7]	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 US$4.8 million (2018: US$3.1 million) is mortgaged to secure bank borrowing of US$2.3 million (2018: US$2.3 million).

(3) This investment property was sold during the year. In 2018, this investment property amounting to US$2.1 million was mortgaged to secure bank borrowing US$1.1 million.

(4) 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. This investment property amounting to US$5.3 million (2018: US$5.2 million) is mortgaged to secure bank borrowing of US$3.7 million (2018: US$3.6 million).

(5) This investment property was sold during the year. In 2018, this investment property amounting US$4.1 million was mortgaged to secure bank borrowing of US$2.4 million.

(6) 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$2.4 million (2018: US$0.003 million) is mortgaged to secure bank borrowing of US$1.4 million (2018: US$Nil).

(7) 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$2.2 million (2018: US$Nil) is mortgaged to secure bank borrowing of US$1.4 million (2018: US$Nil).

6. Investments

	Group 2019 US$'000	Group 2018 US$'000
Non-current		
Financial assets at fair value through profit or loss:		
Unlisted shares		
- Shipping	4,511	5,071
- Hotel	6	6
- Residential	90	43
- Commercial office buildings	14,015	21,916
- Small residential property developments	1,304	1,094
Unlisted performance notes		
- Shipping	–	784
- Distressed asset	100	–
	20,026	28,914
Current		
Financial assets at fair value through profit or loss:		
Unlisted shares		
- Commercial office buildings	1	6,869
- Small residential property developments	767	1,272
Listed shares		
- Others	1,177	1,063
	1,945	9,204

Fair values of listed shares are based on bid price at the end of the reporting period. Fair values of unlisted shares and unlisted performance notes are further explained in Note 32.

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 2019, the Company has pledged the interest in share capital of investments of US$9.0 million (2018: US$9.0 million) as security for investees' bank loans.

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:

	2019	2018
	US$'000	US$'000
Profit/(loss) after tax	1,304	(3,060)
Other comprehensive income	4	673
Total comprehensive income/(expense)	1,308	(2,387)

Investment in associates

The Group has investments in associates in the form of investments in unlisted shares.

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

	2019	2018
	US$'000	US$'000
(Loss)/profit after tax, representing total comprehensive income	(132)	77

The Group's commitments in respect of its investment in joint ventures and associates are disclosed in Note 33(e).

7. Intangible assets

Group	Goodwill	Other Intangible assets	Total
	US$'000	US$'000	US$'000
Cost			
At 1 January 2018	67	32	99
Addition	–	4	4
Written off	(67)	(3)	(70)
Translation	–	1	1
At 31 December 2018 and 1 January 2019	–	34	34
Disposals	–	(27)	(27)
Translation	–	1	1
At 31 December 2019	–	8	8
Accumulated amortisation and impairment			
At 1 January 2018	67	5	72
Amortisation	–	7	7
Written-off	(67)	(3)	(70)
At 31 December 2018 and 1 January 2019	–	9	9
Amortisation	–	1	1
Disposal	–	(5)	(5)
At 31 December 2019	–	5	5
Net book value			
At 31 December 2018	–	25	25
At 31 December 2019	–	3	3

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 2018	31,174	240,817	1,181	273,172
Additions	440	952	51	1,443
Transfer to asset held for sale (Note 12)	(22,945)	–	–	(22,945)
Disposals	(8,155)	(19,333)	(26)	(27,514)
Written-off	–	(800)	(23)	(823)
Currency translation differences	640	–	1	641
At 31 December 2018 and 1 January 2019	1,154	221,636	1,184	223,974
Additions	411	1,944	184	2,539
Disposals	(2)	–	–	(2)
Written-off	–	(800)	(184)	(984)
Currency translation differences	19	–	4	23
At 31 December 2019	1,582	222,780	1,188	225,550
Accumulated depreciation and impairment				
At 1 January 2018	1,817	47,489	923	50,229
Charge for the year	664	9,587	165	10,416
Transfer to asset held for sale (Note 12)	(522)	–	–	(522)
Disposals	708	(13,917)	(23)	(13,232)
(Reversal of impairment)/impairment	(2,280)	2,256	–	(24)
Written-off	–	(800)	(23)	(823)
Currency translation differences	37	–	–	37
At 31 December 2018 and 1 January 2019	424	44,615	1,042	46,081
Charge for the year	147	10,212	84	10,443
Disposals	(2)	–	–	(2)
Written-off	–	(800)	(184)	(984)
Currency translation differences	7	–	2	9
At 31 December 2019	576	54,027	944	55,547
Net book value				
At 31 December 2018	730	177,021	142	177,893
At 31 December 2019	1,006	168,753	244	170,003

During the year, the Company acquired property, plant and equipment of US$2.5 million (2018: US$1.4 million). The additions include paid amounts of US$2.8 million (2018: US$1.2 million), prepaid amounts of US$0.2 million (2018: US$0.1 million) and unpaid amounts of US$0.04 million (2018: US$0.1 million) as at 31 December 2019. Cash outflow for the year of US$2.8 million (2018: US$1.3 million) include payments in respect of property, plant and equipment acquired in previous years of US$0.1 million (2018: US$0.1 million) and in current year of US$2.8 million (2018: US$1.2 million).

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

(a) *Assets pledged as security*

As at 31 December 2019, the Group's vessels amounting to US$169.0 million (2018: US$177.0 million) were pledged to secure the Group's bank borrowings of US$100.5 million (2018: US$110.9 million) (Note 16).

(b) *Impairment of assets/(reversal of impairment)*

In 2018, an impairment loss of US$3.0 million representing the write-down of a vessel to its recoverable amount was recognised as "Impairment of property, plant and equipment" line item in profit or loss and under the reportable segment of UAS. The recoverable amount of the vessels were based on its value in use and the pre-tax discount rate used was 5.7%.

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$0.9 million lower.

In 2018, a reversal of impairment amounting US$2.3 million and US$0.8 million was recorded following the sale of a hotel property and a vessel, accordingly.

There is no impairment/(reversal of impairment) of assets during the financial year ended 31 December 2019.

Company	Office equipment, furniture and fixtures US$'000
Cost	
At 1 January 2019	–
Additions	6
At 31 December 2019	6
Accumulated depreciation	
At 1 January 2019	–
Charge for the year	–*
At 31 December 2019	–*
Net book value	
At 31 December 2019	6

* Amount less than US$1,000

9. Loans receivable

	Group	
	2019	**2018**
	US$'000	US$'000
Current		
Fixed interest rate at 2.15%	–	51
Non-interest bearing	950	–
	950	51

10. Derivative financial instruments

	Group	
	2019	**2018**
	US$'000	US$'000
Non-current		
Financial assets at fair value through other comprehensive income:		
Cash flow hedge		
Interest rate swaps(i)	–	209
Financial liabilities at fair value through other comprehensive income:		
Cash flow hedge		
Interest rate swaps(i)	(381)	(193)
Cross currency rate swaps(ii)	(198)	(113)
	(579)	(306)
Current		
Financial assets at fair value through other comprehensive income:		
Cash flow hedge		
Interest rate swaps(i)	42	473
Financial liabilities at fair value through other comprehensive income:		
Cash flow hedge		
Interest rate swaps(i)	(232)	(41)
Cross currency rate swaps(ii)	(264)	(151)
	(496)	(192)

10. Derivative financial instruments (cont'd)

Cash flow hedge

(i) Interest rate swap

At 31 December 2019, the Group has interest rate swaps with notional amount of US$59.7 million (2018: US$65.9 million) to hedge the interest rate risk of bank borrowings.

The interest rate swaps receive floating interest, pay fixed interest and mature between 2020 and 2023 (2018: between 2020 and 2023).

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.

(ii) Cross currency swap

As at 31 December 2019, the Group has cross currency swaps with notional amount of US$15.8 million (JPY1,765 million) (2018: US$7.3 million (JPY 825 million)) to hedge the interest rate risk and notional amount of US$10.5 million (JPY 1,172.5 million) (2018: US$3.8 million (JPY425 million)) to hedge the foreign currency risk of borrowings. The cross currency swap will expire between 2022 and 2023 (2018: in February 2023).

Cash flow hedge accounting has been applied to this cross currency swap agreement as it has been assessed by management to be effective hedging instruments.

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:

	Group	
	Less than 1 year	**1 year to 5 years**
	US$'000	US$'000
2019		
Net cash outflows	(471)	(688)
2018		
Net cash inflows/(outflows)	282	(129)

10. Derivative financial instruments (cont'd)

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

	Group	
	2019	**2018**
	US$'000	US$'000
At 1 January	695	943
Gain recognised in other comprehensive income during the year, net	(1,182)	(248)
At 31 December	(487)	695

The Group's risk management strategy is to minimise interest rate cash flow fluctuations on all bank borrowings drawn to finance its vessel purchases for the entire term of the bank borrowings. The Group maintains fixed interest payments by designating a pay fixed and receive float amortising interest rate swap with notional amounts matching the loan principal throughout the tenor of the loan.

There are no expected material sources of ineffectiveness on the Group's cash flow hedge.

11. Accounts receivable

	Group	
	2019	**2018**
	US$'000	US$'000
Non-current	–	730
Current	7,381	6,434

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 unsecured and non-interest bearing.

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

	Group	
	2019	**2018**
	US$'000	US$'000
31 days to 60 days	21	156
over 60 days	163	7
	184	163

Included in the Group's accounts receivable balance are receivables from related parties as disclosed in Note 34(a).

12. Asset held for sale

	Group 2019 US$'000	Group 2018 US$'000
Reclassified from property, plant and equipment (Note 8)	–	22,423

On 12 February 2019, the hotel property classified as asset held for sale as at 31 December 2018 was sold by a consolidated entity of the Group, GK CJ Investment for a net cash consideration of approximately US$27.8 million (JPY3.1 billion). The hotel was leased back under an operating lease arrangement. There is no similar transaction during the year ended 31 December 2019.

13. Deposits pledged as collateral

As at 31 December 2019 and 2018, the Group had deposits pledged as collateral against Japanese yen ("JPY" or "¥") and USD denominated bank loan facilities (Note 16).

14. Cash and bank balances

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Cash at banks and in hand	26,819	26,513	197	948
Short-term time deposits	29,270	16,949	2,653	–
Cash and bank balances	56,089	43,462	2,850	948

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 6 days and three months 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

	Group and Company			
	Number of shares 2019	Share capital 2019	Number of shares 2018	Share capital 2018
	'000	US$'000	'000	US$'000
Issued and fully paid:				
At 1 January	46,979	109,276	46,979	109,276
Issuance of shares	5,421	3,898	–	–
Issuance of bonus shares	26,200	–	–	–
At 31 December	78,600	113,174	46,979	109,276

15. Share capital (cont'd)

On 4 April 2019, the Company allotted and issued 5,420,720 new ordinary shares of the Company at S$1.08 per share in connection with a placement undertaken by the Company.

As at the date of this financial statement, the Company has fully utilised the net proceeds from issuance of shares of US$4.0 million on property development projects in Tokyo and Hong Kong in accordance with the use of proceeds described in the Company's announcement on 26 March 2019.

Subsequent to the completion of the placement, the Company allotted and issued 26,199,987 additional new ordinary shares of the Company on 7 June 2019 in connection with a one-for-two bonus issue undertaken by the Company.

16. Borrowings

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	US$'000	US$'000	US$'000
Non-current				
Repayable per terms of loan facilities:				
- Secured	64,652	99,839	–	–
- Unsecured	6,637	11,686	–	–
	71,289	111,525	–	–
Current				
Repayable per terms of loan facilities:				
- Secured	53,158	55,857	–	–
- Unsecured	18,129	13,336	743	–
	71,287	69,193	743	–

The effective annual interest rates of the bank borrowings range from approximately 0.17% to 5.0% (2018: approximately 0.7% 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 a related party in 2018 as disclosed in Note 34(a).

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
Group	**At the beginning of financial year**	**Cash flows**	**Retained earnings**	**Amortised finance cost**	**Foreign exchange movement**	**At the end of financial year**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2019						
Borrowings	180,718	(40,112)*	833	155	982	142,576
2018						
Borrowings	216,805	(37,695)	–	190	1,418	180,718

* US$3.1mil of the borrowings repaid during the year is classified as cash outflow for purchase of investment in the consolidated cashflow statement (Note 28(c)).

17. Provision for onerous contract

	Group 2019 US$'000	Group 2018 US$'000
Non-current	–	3,659
Current	–	1,033

The movements in the provision for onerous contract are as follows:

	Group 2019 US$'000	Group 2018 US$'000
At 1 January	4,692	2,174
Arose during the year	–	2,957
Utilised	–	(450)
Discount rate adjustment	–	11
Reclassified to right-of-use assets upon adoption of IFRS 16	(4,692)	–
At 31 December	–	4,692

The provision for onerous contract is for one of the vessels' charter agreement as the aggregate cost required to fulfil 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. Upon adoption of IFRS 16, the provision for onerous contract was derecognised and included as part of right-of-use assets. The effects on the adoption of IFRS 16 on 1 January 2019 are set out in Note 2.2.

18. Accounts payable

The accounts payable are non-interest bearing and are normally settled on 30 days' term. Included in the Group's account payable are payable to a related party in 2018 as disclosed in Note 34(a).

19. Revenue

	Group 2019 US$'000	Group 2018 US$'000
Arrangement and agency fee	2,799	3,458
Asset management and administration fee	3,175	2,575
Incentive fee	552	433
Brokerage commission	1,264	537
Total fee income	7,790	7,003
Add: Hotel income	81,244	68,587
Add: Non-lease component of charter hire income	17,656	17,279
Total revenue from contract with customers recognised	106,690	92,869

20. Investment returns

	Group 2019 US$'000	Group 2018 US$'000
Realised gain on investment properties	1,319	2,417
Realised gain on investments:		
- Shipping	509	472
- Commercial office building	6,181	–
- Small residential property developments	125	186
- Distressed asset	–	1,182
- Listed shares	26	18
Property rental income	586	839
Fair value adjustment on investments:		
- Shipping	(618)	(9,245)
- Small residential property developments	496	736
- Commercial office buildings	(53)	9,336
- Distressed asset	100	–
- Listed shares	114	(149)
Net loss on derivative financial instruments	(9)	(32)
	8,776	5,760

21. Interest income and expense

	Group 2019 US$'000	Group 2018 US$'000
Interest income from:		
- Cash and cash equivalents	467	365
- Bridging loans	104	51
- Finance lease	481	450
	1,052	866
Interest expense on:		
- Borrowings	5,314	5,815
- Lease liabilities (Note 30(b))	4,739	–
	10,053	5,815

22. Employee benefits expenses

	Group 2019 US$'000	Group 2018 US$'000
Salaries and benefits	20,088	18,500
Defined contribution pension schemes	245	264
	20,333	18,764

23. Other expenses

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

	Note	Group 2019 US$'000	Group 2018 US$'000
Operating lease expenses		507	1,066
Investment properties operating expenses	5	291	259
Business development expenses		951	896
Professional services fees		1,831	1,746
Audit fee to auditors of the Company		398	447
Audit fee to other auditors		10	10
Non-audit fee to auditors of the Company		5	45
Non-audit fee to other auditors		5	6
Tax and public dues		297	275
Printing, stationery and library fees		222	224
Miscellaneous		206	349
		4,723	5,323
(Reversal of impairment)/impairment loss on financial assets			
- Corporate guarantee	31(b)	(18)	18
- Finance lease receivable	31(b)	(12)	(3)
		(30)	15
		4,693	5,338

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	Group 2019 US$'000	Group 2018 US$'000
Current income tax			
Current income taxation		962	382
(Over)/underprovision in respect of prior years		(4)	39
		958	421
Deferred income tax			
Origination and reversal of temporary difference		1,044	306
Utilisation of previously unrecognised tax losses		(1,131)	(294)
	24(b)	(87)	12
Total tax expense for the year		871	433

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:

	Group 2019 US$'000	Group 2018 US$'000
Profit before tax	7,476	4,353
Tax at domestic rates applicable to individual group entities	1,767	1,650
Tax effects of:		
Expenses not deductible for the tax purposes	9,217	12,908
Income not subject to tax	(9,477)	(14,117)
Utilisation of previously unrecognised tax losses	(1,131)	(294)
Deferred tax assets not recognised	417	190
Partial tax exemption and tax relief	(53)	9
(Over)/underprovision in respect of prior years	(4)	39
Others	135	48
Tax expense for the year	871	433

24. Income tax (cont'd)

(b) Deferred tax

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

	Note	Group Provision US$'000
At 1 January 2018		129
Charged to income tax expense for the year	24(a)	(12)
Currency translation differences		3
At 31 December 2018 and at 1 January 2019		120
Credited to income tax expense for the year	24(a)	87
Currency translation differences		2
At 31 December 2019		209

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

	Group Provision US$'000
At 1 January 2018	(538)
Currency translation differences	28
At 31 December 2018 and at 1 January 2019	(510)
Currency translation differences	8
At 31 December 2019	(502)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US$24.8 million (2018: US$29.5 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. The tax losses generally have no expiry date except for an amount of US$3.0 million (2018: US$8.6 million) which will expire between 2020 and 2023 (2018: 2019 and 2023).

Unrecognised temporary differences relating to investments in subsidiaries and joint venture

At the end of the reporting period, no deferred tax liability (2018: 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 Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future and the joint venture of the Group cannot distribute its earnings until it obtains the consent of both the venturers. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognized aggregate to US$20.0 million (2018: US$17.3 million). The deferred tax liability is estimated to be US$1.3 million (2018: US$0.9 million).

24. Income tax (cont'd)

(b) Deferred tax (cont'd)

Tax consequences of proposed dividends

There are no income tax consequences (2018: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 25).

25. Dividends

	Group and Company	
	2019	**2018**
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final dividend for 2018: SG cents 6.25 per share (S$3.3 million) (2017: SG cents 6.25 per share (S$2.9 million))	2,405	2,218
- Special dividend for 2018: SG cents 0.75 per share (S$0.4 million) (2017: Nil)	288	–
- Interim dividend for 2019: SG cents 2.00 per share (S$1.57 million) (2018: Nil)	1,141	–
	3,834	2,218
	SGD'000	SGD'000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final dividend for 2019: SG cents 2.20 per share (2018: SG cents 6.25 per share)	1,729	3,275
- Special dividend for 2019: Nil (2018: SG cents 0.75 per share)	–	393
	1,729	3,668

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.

During the financial year, the Company allotted and issued 5,420,720 new ordinary shares of the Company in connection with a placement undertaken by the Company. Subsequent to the completion of the placement, the Company allotted and issued 26,199,987 additional new ordinary shares of the Company in connection with a one-for-two bonus issue undertaken by the Company which resulted in a further increase of the total issued ordinary shares of the Company to 78,599,987 (2018: 46,979,280).

26. Profit per share (cont'd)

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.

	Group		
	2019	Adjusted 2018	2018
Profit attributable to owners of the parent (US$'000)	5,848	1,234	1,234
Weighted average number of ordinary shares in issue ('000)	76,528	70,469	46,979
Profit per share (US cents per share) - basic and diluted	7.64	1.75	2.63

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) *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. Investment in subsidiary

	Company	
	2019	2018
	US$'000	US$'000
Unlisted shares, at cost	110,457	109,276

28. Investment in subsidiary (cont'd)

(a) Details of principal investments in subsidiaries

Details of the principal subsidiaries within the Group as at 31 December 2019 and 2018 were as follows:

Name	Note	Country/ place of incorporation	Proportion of ownership interest		Principal activities and place of operation
			2019	2018	
			%	%	
Held by the Company:					
Uni-Asia Holdings Limited	(i)	Cayman Islands	100.0	100.0	Investment holding, Hong Kong
Held through Uni-Asia Holdings Limited:					
Uni-Asia Shipping Limited	(ii)	Hong Kong	100.0	100.0	Ship investment holding, Hong Kong
Uni-Asia Hotels Limited	(ii)	Hong Kong	99.0	99.0	Investment holding, Hong Kong
Uni-Asia Capital (Singapore) Limited	(i)	Singapore	100.0	100.0	Ship chartering arrangement, Singapore
Uni-Asia Capital Company Limited	(ii)	Hong Kong	100.0	100.0	Property investment, Hong Kong
Uni Ships and Management Limited	(ii)	Hong Kong	100.0	100.0	Project management, accounting and administration services, Hong Kong
Uni-Asia Investment Ltd	(vi)	Japan	99.5	99.5	Property investment, Japan
Uni-Asia Capital (Japan) Ltd	(vi)	Japan	100.0	100.0	Investment advisory and asset management, Japan
Florida Containership S.A.	(ii)	Panama	100.0	100.0	Ship owning and chartering, Panama
Fulgida Bulkship S.A.	(ii)	Panama	100.0	100.0	Ship owning and chartering, Panama
Joule Asset Management (Pte.) Limited	(iii)	Singapore	100.0	100.0	Ship owning and chartering, Singapore

28. Investment in subsidiary (cont'd)

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

Name	Note	Country/ place of incorporation	Proportion of ownership interest 2019	Proportion of ownership interest 2018	Principal activities and place of operation
			%	%	
Indirectly held:					
Hope Bulkship S.A.	(ii)	Panama	100.0	83.0	Ship owning and chartering, Panama
Imperial Bulkship S.A.	(ii)	Panama	100.0	100.0	Ship owning and chartering, Panama
Jade Bulkship S.A.	(ii)	Panama	100.0	100.0	Ship owning and chartering, Panama
Karat Bulkship S.A.	(ii)	Panama	100.0	100.0	Ship owning and chartering, Panama
Jubilee Bulkship S.A.	(ii)	Panama	100.0	100.0	Ship owning and chartering, Panama
Mable Bulkship S.A.	(ii)	Panama	100.0	100.0	Ship owning and chartering, Panama
Nora Bulkship S.A.	(ii)	Panama	100.0	100.0	Ship owning and chartering, Panama
Regina Bulkship S.A.	(ii)	Panama	100.0	51.0	Ship owning and chartering, Panama
Uni Ships and Management (Taiwan) Limited	(vii)	Taiwan	–	100.0	Promoting ship-related services, Taiwan
Uni Ships and Management Korea Ltd.	(vii)	South Korea	–	100.0	Promoting ship-related services, South Korea
Wealth Ocean Ship Management (Shanghai) Co., Ltd	(iv)	People's Republic of China	51.0	51.0	Ship management, China
Uni-Asia Guangzhou Property Management Company Limited	(v)	People's Republic of China	100.0	100.0	Property investment, China
United Wise Capital Investment Limited	(ii)	Hong Kong	69.6	69.6	Property investment, Hong Kong

28. Investment in subsidiary (cont'd)

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

Name	Note	Country/ place of incorporation	Proportion of ownership interest 2019	2018	Principal activities and place of operation
			%	%	
Indirectly held:					
Vista Hotel Management Co., Ltd	(vi)	Japan	99.0	99.0	Hotel management and operator, Japan
Sun Vista Naha Co., Ltd.	(vi)	Japan	99.0	99.0	Hotel management and operator, Japan
Arena Godo Kaisha	(vi)	Japan	99.5	99.5	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;
(vi) Not required to be audited under the laws of the country of incorporation; and
(vii) Liquidated during the financial year.

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) In May 2019, the Group through its wholly owned subsidiary, Uni-Asia Shipping Limited ("UAS") acquired additional 17% shares of Hope Bulkship S.A. for a consideration of US$680.

(c) In December 2019, the Group through its wholly owned subsidiary, UAS increased its shareholding in Regina Bulkship S.A. from 51% to 100%. UAS acquired 49% shares of Regina and an existing shareholder's loan extended by the seller to Regina for a consideration of US$3.1 million.

(d) In December 2019, the Group subscribed to new shares issued by Uni-Asia Holdings Limited. There is no change in its shareholding in Uni-Asia Holdings Limited.

(e) The amounts due from subsidiaries are unsecured, interest-free and have no fixed term of repayment and will be settled in cash.

(f) Corporate guarantees provided to banks/lenders for loans taken by subsidiaries amounted to US$114.4 million (2018: US$123.1 million).

29. Deconsolidation of consolidated entities

During the year, the Group wound-up its wholly owned subsidiaries, Uni Ships and Management (Taiwan) Limited and Uni Ships and Management Korea Limited by way of members' voluntary liquidation. The subsidiaries were established to promote the Group's ship-related services in Taiwan and Korea. The Group had decided to centralise such service promotion function in Hong Kong and hence wound up the companies.

During the year, the Group dissolved the investment in GK CJ Investments, GK Alero 5, GK Alero 22 and GK Alero 25 (2018: GK Alero 13 and GK Alero 19). The consolidated entities were dormant following the disposal of their investment in hotel property for GK CJ Investment and investment in small residential properties for GK Alero 5, GK Alero 22 and GK Alero 25 (2018: GK Alero 13 and GK Alero 19).

The loss on deconsolidation of consolidated entities of US$11,000 (2018: US$6,000) was included in investment returns – realised gain/(loss) on investments in profit or loss.

30. Leases

Group as a lessee

(a) Right-of-use assets

The Group has lease contracts for vessel, office and hotel properties with lease term of 7 years, 3 years and between 3 and 25 years respectively.

The Group also has a lease of hotel property with lease terms of 12 months or less and leases of office properties with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The movements in the right-of-use assets during the period are as follow:

Group	**Hotel properties**	**Vessel**	**Office properties**	**Total**
	US$'000	US$'000	US$'000	US$'000
As at 1 January 2019	261,103	3,379	1,570	266,052
Additions	45,341	–	576	45,917
Depreciation expense	(20,460)	(828)	(650)	(21,938)
Currency translation differences	4,168	–	2	4,170
As at 31 December 2019	290,152	2,551	1,498	294,201

Company	**Office properties**
	US$'000
As at 1 January 2019	517
Depreciation expense	(177)
As at 31 December 2019	340

30. Leases (cont'd)

Group as a lessee (cont'd)

(b) Lease liabilities

	Group 2019 US$'000	Company 2019 US$'000
Non-current	286,212	171
Current	23,685	180

The movements in the lease liabilities during the period are as follow:

	Group 2019 US$'000
As at 1 January 2019	279,402
Additions	46,860
Accretion of interest	4,739
Payments	(25,403)
Currency translation difference	4,299
As at 31 December 2019	309,897

The Group had total cash outflows for leases of US$25.4 million in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of US$46.9 million in 2019.

The maturity analysis of lease liabilities are disclosed in Note 31(c).

The effective annual interest rates of the lease liabilities range from approximately 1.39% to 5%.

The following are the amounts recognised in profit or loss:

	Group 2019 US$'000
Income from subleasing right-of-use assets (included in hotel income)	64
Gains arising from sale and leaseback transaction*	4,265
Depreciation expense of right-of-use assets	(21,938)
Interest expense on leases liabilities	(4,739)
Expense relating to short-term leases (included in hotel lease expenses and operating lease expenses)	(629)
Expense relating to leases of low-value assets (included in operating lease expenses)	(314)
Variable lease payments (included in hotel lease expenses)	(7,586)
Total amount recognised in profit or loss	(30,877)

* Gains arising from sale and leaseback transaction relates to the asset held for sale in Note 12.

30. Leases (cont'd)

Group as a lessee (cont'd)

The Group has lease contracts for hotel properties that contains variable payments based on a percentage of gross revenue minus fixed rent or a percentage of gross operating profit.

The following provides information on the Group's variable lease payments for hotel properties, including the magnitude in relation to fixed payments that are not reflected in the measurement of lease liabilities as at 31 December 2019:

Group	Fixed payments US$'000	Variable payments US$'000	Total US$'000
2019			
Fixed rent	165	–	165
Variable rent with minimum payment	22,642	8,310	30,952
Variable rent only	–	57	57
	22,807	8,367	31,174

31. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- market risk (which includes currency risk, interest rate risk and price risk)
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's Management Committee manages the Group's risk management policies and procedures, and ensures that the Group responds swiftly to changes in risks. Sub-committees are established to assess risks on a more frequent basis.

31. Financial risk management (cont'd)

(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) Currency risk

The Group's revenue and expenses are mainly denominated in the respective functional currencies of Group entities. The Group's main exposure to currency risk is on borrowings that are denominated in a currency other than the respective functional currencies of Group entities. This pertains to foreign exchange risk related to the principal amounts of the Group's JPY bank loans taken by USD functional currency Group entities. The Group may use forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts generally are designated as cash flow hedges.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD, but also JPY and HKD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities, such exposure is small, but when necessary, the Group will ensure its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations including Japan and People's Republic of China. These net investments are not hedged as such investments are long term in nature.

The summary of quantitative data about the Group's exposure to currency risk that are denominated in a currency other than the respective functional currencies of Group entities is as follows:

JPY denominated balances

	Group	
	2019	**2018**
	US$'000	US$'000
Accounts receivable	2	–
Cash and bank balances	1,965	1,325
Borrowings	(17,116)	(19,300)
Other payables and accruals	(163)	(160)
Net exposure	(15,312)	(18,135)

31. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

JPY denominated balances (cont'd)

Assuming a 5% change in USD against the JPY with all other variables being held constant, the effects arising from the net exposure will be as follows:

	Group	
	Profit before tax	
	2019	**2018**
	US$'000	US$'000
USD against JPY:		
- Strengthened	729	864
- Weakened	(806)	(955)

(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 loans, borrowings and cash and cash equivalents.

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 2019, if USD market interest rates had been 100 basis point higher/lower with other variables held constant, profit before tax for the year would have been US$945,000 (2018: US$264,000) lower/higher, mainly as a result of higher/lower net interest expense incurred on floating rate financial instruments after taking into account the effect of interest rate swaps.

As at 31 December 2019, if JPY market interest rates had been 40 basis point higher/lower with other variables held constant, profit before tax for the year would have been US$215,000 (2018:US$103,000) lower/higher, mainly as a result of higher/lower net interest expense incurred on floating rate financial instruments.

31. 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 (including investment properties) 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, commercial office building and other alternative asset classes.

Assuming a 1% change in prices across the board in the respective investments with all other variables including tax rate being held constant, the effect on the Group's investment portfolio would be as follows:

	2019		**2018**	
	Effect on portfolio	**Portfolio percentage**	**Effect on portfolio**	**Portfolio percentage**
	US$'million	%	US$'million	%
Investments in:				
Shipping entities or fund	0.1	12	0.1	11
Entities holding small residential property development projects in Japan	0.2	44	0.2	31
Entities holding commercial office building developments in Hong Kong	0.1	37	0.3	52

(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, finance lease receivable, rental deposits 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.

31. Financial risk management (cont'd)

(b) Credit risk (cont'd)

The Group and Company performs detailed reviews of loan counterparties or asset issuers by reference to qualitative and quantitative credit indicators that are available without undue cost or effort and that is determined to be predictive of the risk of default including applying expert credit judgment. These credit indicators vary depending on the nature of the exposure and the type of counterparties.

The Group assesses impairment at the individual exposure level and performs a detailed credit review on the counterparty and assesses the risk of default based on available financial information, account conduct and industry information that are determined to be forward looking in nature. The Group determines that the risk of default has significantly increased for a particular counterparty based on financial indicators such as negative working capital, net losses or net operating cash outflows for a prolonged period. As a practical expedient, where market data is available for certain individual exposures such as CDS prices on the counterparties issued debt securities, a threshold is determined whereby CDS price increases beyond that set threshold is used as a criteria to determine significant increases in credit risk. In addition, as a backstop, the Group and Company considers significant increases in credit risk to have occurred no later than when an asset is more than 30 days past due. Where the risk of default has increased significantly since origination for a particular exposure, the Group and Company reclassifies the exposure to the "underperforming exposures" category, in line with its accounting policy.

For all credit exposures, the Group and Company considers default to have occurred no later than when an asset is more than 60 days past due. For the current financial year, there were no credit exposures that were written off or modified.

ECLs are calculated using three main components, i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are derived from available market data such as CDS prices, PD models based on financial information of comparable companies, historical default research and studies conducted by third party credit rating agencies and the Group's own historical loss experience, combined with current and forward-looking customer and industry information. For accounting purposes, the 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk. The LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance sheet date to the default event.

ECL is measured over the maximum contractual period over which the Group and Company is exposed to credit risk. The maximum contractual period extends to the date at which the Group and Company has the right to require repayment of a loan or receivable or terminate a loan commitment or guarantee.

31. Financial risk management (cont'd)

(b) Credit risk (cont'd)

The movement in the loss allowance provision for debt securities at amortised cost and loans as at 31 December 2019 are as follows:

	Group	Group and Company
	Finance lease receivable	Corporate guarantees provided to financial institutions for borrowings of investee companies
	Lifetime ECL not credit impaired	12-month ECL
	US$'000	US$'000
At 1 January 2018	–	–
Restated on adoption of IFRS 9	15	–
Charge to income statement due to origination, purchase, repayment or derecognition	(3)	18
At 31 December 2018 and 1 January 2019	12	18
Charge to income statement due to origination, purchase, repayment or derecognition	(12)	(18)
At 31 December 2019	–	–

As the Group does not hold any collateral, the maximum exposure to credit risk for the finance lease receivables is the gross carrying amount of the finance lease receivables and the notional amounts of corporate guarantees as follows:

	Group	
	2019	2018
	US$'000	US$'000
Finance lease receivable	7,580	7,802
Corporate guarantees provided to financial institutions for borrowings of investee companies	4,788	5,038
	12,368	12,840

The gross carrying amount of finance lease receivable and corporate guarantees provided to financial institutions for borrowings of investee companies are disclosed in Note 33(d) and 28(f) respectively.

The changes in the Group ECLs for finance lease receivable and corporate guarantees provided were mainly driven by the net decrease in gross outstanding finance lease receivable and by the changes in the 12-month probability default rate respectively.

31. Financial risk management (cont'd)

(b) Credit risk (cont'd)

As at 31 December 2019, all financial assets were either "performing exposures" for those measured for ECL under the general approach or unimpaired for those where the simplified approach was used. There were no financial assets that moved between stages and no new impaired financial assets in the financial year ended 31 December 2019.

(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:

Group	**Less than 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000
2019				
Non-derivative cash flows				
Financial liabilities				
Borrowings (including interests)	76,706	63,575	15,756	156,037
Lease liabilities	29,962	134,489	324,635	489,086
Due to Tokumei Kumiai investors	1,194	–	–	1,194
Financial liabilities included in accounts payable, other payables and accruals	10,980	–	82	11,062
	118,842	198,064	340,473	657,379
Derivative cash flows				
Cash inflows	1,668	2,679	–	4,347
Cash outflows	(2,139)	(3,367)	–	(5,506)
	(471)	(688)	–	(1,159)
2018				
Non-derivative cash flows				
Financial liabilities				
Borrowings (including interests)	74,546	76,746	39,546	190,838
Due to Tokumei Kumiai investors	2,307	–	–	2,307
Financial liabilities included in accounts payable, other payables and accruals	10,494	–	79	10,573
	87,347	76,746	39,625	203,718
Derivative cash flows				
Cash inflows	2,626	5,046	–	7,672
Cash outflows	(2,344)	(5,175)	–	(7,519)
	282	(129)	–	153

31. Financial risk management (cont'd)

(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.

	Group	
	2019	**2018**
	US$'000	US$'000
Borrowings	142,576	180,718
Due to Tokumei Kumiai investors	1,194	2,307
Derivative financial instruments	1,075	498
Financial liabilities included in accounts payable, other payables and accruals	11,634	11,319
Less: cash and bank balances	(56,089)	(43,462)
Net debt	100,390	151,380
Total equity	126,068	133,332
Gearing ratio	79.6%	113.5%

32. Assets and liabilities measured at fair value

Financial instruments at fair value through profit or loss are designated upon initial recognition except for derivatives that are designated as hedges.

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

Group	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Derivative used for hedging
	US$'000	US$'000	US$'000	US$'000
2019				
Financial assets				
Investments - listed	–	–	1,177	–
Investments - unlisted	–	–	20,794	–
Rental deposit	6,964	–	–	–
Derivative financial instruments	–	–	–	42
Finance lease receivable	7,580	–	–	–
Accounts receivable	7,381	–	–	–
Financial assets included in prepayments, deposits and other receivables	1,788	–	–	–
Deposits pledged as collateral	2,819	–	–	–
Cash and bank balances	56,089	–	–	–
	82,621	–	21,971	42
Financial liabilities				
Borrowings	–	(142,576)	–	–
Due to Tokumei Kumiai investors	–	(1,194)	–	–
Derivative financial instruments	–	–	–	(1,075)
Financial liabilities included in accounts payable, other payables and accruals	–	(11,634)	–	–
	–	(155,404)	–	(1,075)

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

Group	Financial assets at amortised cost US$'000	Financial liabilities at amortised cost US$'000	Financial assets at fair value through profit or loss US$'000	Derivative used for hedging US$'000
2018				
Financial assets				
Investments - listed	–	–	1,063	–
Investments - unlisted	–	–	37,055	–
Rental deposit	7,083	–	–	–
Derivative financial instruments	–	–	–	682
Finance lease receivable	7,790	–	–	–
Accounts receivable	7,164	–	–	–
Financial assets included in prepayments, deposits and other receivables	1,339	–	–	–
Deposits pledged as collateral	3,236	–	–	–
Cash and bank balances	43,462	–	–	–
	70,074	–	38,118	682
Financial liabilities				
Borrowings	–	(180,718)	–	–
Due to Tokumei Kumiai investors	–	(2,307)	–	–
Derivative financial instruments	–	–	–	(498)
Financial liabilities included in accounts payable, other payables and accruals	–	(11,319)	–	–
	–	(194,344)	–	(498)

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

Company	Financial assets at amortised cost	Financial liabilities at amortised cost
	US$'000	US$'000
2019		
Financial assets		
Amounts due from subsidiaries	3,428	–
Financial assets included in prepayments, deposits and other receivables	56	–
Cash and bank balances	2,850	–
	6,334	–
Financial liabilities		
Borrowings	–	(743)
Amounts due to subsidiaries	–	(265)
Financial liabilities included in accounts payable, other and accruals	–	(398)
	–	(1,406)
2018		
Financial assets		
Amounts due from subsidiaries	2,001	–
Financial assets included in prepayments, deposits and other receivables	1	–
Cash and bank balances	948	–
	2,950	–
Financial liabilities		
Amounts due to subsidiaries	–	(10)
Financial liabilities included in accounts payable, other and accruals	–	(262)
	–	(272)

(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).

32. 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 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2019				
Recurring fair value measurements				
Financial assets				
Fair value through profit or loss				
Unlisted shares				
- Shipping	–	–	4,511	4,511
- Hotel	–	–	6	6
- Residential	–	–	90	90
- Commercial office buildings	–	9,666	4,350	14,016
- Small residential property developments	–	–	2,071	2,071
Unlisted performance notes				
- Distressed asset	–	–	100	100
Listed shares	1,177	–	–	1,177
Derivatives designated as hedges				
Interest rate swaps	–	42	–	42
	1,177	9,708	11,128	22,013
Non-financial assets				
Investment properties	–	–	16,397	16,397
	1,177	9,708	27,525	38,410
Financial liabilities				
Derivatives designated as hedges				
Interest rate swaps	–	(613)	–	(613)
Cross currency rate swaps	–	(462)	–	(462)
	–	(1,075)	–	(1,075)

32. 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
2018				
Recurring fair value measurements				
Financial assets				
Fair value through profit or loss				
Unlisted shares				
- Shipping	–	–	5,071	5,071
- Hotel	–	–	6	6
- Residential	–	–	43	43
- Commercial office buildings	–	14,001	14,784	28,785
- Small residential property developments	–	–	2,366	2,366
Unlisted performance notes				
- Shipping	–	–	784	784
Listed shares	1,063	–	–	1,063
Derivatives designated as hedge				
Interest rate swaps	–	682	–	682
	1,063	14,683	23,054	38,800
Non-financial assets				
Investment properties	–	5,223	11,025	16,248
	1,063	19,906	34,079	55,048
Financial liabilities				
Derivatives designated as hedge				
Interest rate swaps	–	234	–	234
Cross currency rate swap	–	264	–	264
	–	498	–	498

32. 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 US$'000	Investment properties US$'000	Total US$'000
At 1 January 2018	56,758	14,975	71,733
Fair value adjustment recognised in profit or loss	999	–	999
Purchases	3,307	5,041	8,348
Disposals	(23,294)	(9,164)	(32,458)
Income proceeds from investment	(14,674)	–	(14,674)
Currency translation differences	(42)	173	131
At 31 December 2018 and at 1 January 2019	23,054	11,025	34,079
Fair value adjustment recognised in profit or loss	(22)	–	(22)
Purchases	3,071	4,533	7,604
Disposals	(10,471)	(4,119)	(14,590)
Income proceeds from investment	(7,753)	–	(7,753)
Transfers into level 3	3,215	4,834	8,049
Currency translation differences	34	124	158
At 31 December 2019	11,128	16,397	27,525

During the years 2019 and 2018, 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.

32. 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 2019 US$'000	Fair value at 31 December 2018 US$'000	Valuation techniques	Significant unobservable inputs	Range 2019	Range 2018
Commercial office building:							
- Unlisted shares	(i)	3,215	7,915	Income approach	Gross development value per square foot	HK$17,500	HK$18,000
					Discount rate	5.0%	5.0%
					Development cost per square foot	HK$2,500	HK$3,000[1]
	(ii)	1,071	6,869	Market comparable approach	Adjustments on market transaction price based on valuer's assumption[2]	5.0 - 20.0%	5.0 - 15.0%
- Investment properties	(iii)	1,684	1,707	Income approach	Long term sustainable growth rate	1%	1%
					Capitalisation rate	3.38%	3.42%
Shipping:							
- Unlisted shares and unlisted performance notes	(iv)	4,400	5,746	Income approach	Daily charter rate	US$7,000-US$27,000	US$5,000-US$27,000
					Terminal value	US$8 million-US$9 million	US$8 million-US$10million
					Discount rate	5.5% - 7.2%	6.3% - 7.2%
Small residential property developments:							
- Investment properties	(iv)	14,713	9,318	Income approach	<u>Property completed:</u> Discount rate/Gross capitalisation rate	3.8% - 4.9%	5.0% - 5.8%
					Monthly rental per square meter	JPY4,000	JPY4,000
				Income approach	<u>Property under construction:</u> Gross development value per square meter	JPY1.1 million-JPY1.2 million	–
					Development cost per square meter	JPY0.4 million-JPY0.5 million	–
					Discount rate	5%	–

1 *include contingency cost*
2 *the adjustments are made for any difference in the nature, location or condition of the specific property*

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

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

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same unless stated otherwise.

Note	Descriptions	Significant unobservable inputs	Percentage change	Impact of percentage change in inputs on profit before tax	
				2019	2018
				US$'000	US$'000
	Commercial office building:				
(i)	- Unlisted shares	Gross development value per square foot	10%	–	1,549
			(15%)	(874)	–
		Discount rate	(2%)	135	191
		Development cost per square foot	(5%)	60	270
		Adjustments on market transaction price based on valuer's assumption	15%	–	721
			(20%)	(123)	–
	Shipping:				
(ii)	- Unlisted shares and unlisted performance notes	Daily charter rate	5%	997	135
		Selling price at end of lease term[1]	15%	–	56
		Discount rate	1%	(43)	(60)

[1] *There are no negative effect as the investments with this input are already nil balance.*

(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.

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

(d) Valuation policies and procedures (cont'd)

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, deposits pledged as collateral, cash and bank balances, borrowings, due to Tokumei Kumiai investors, accounts payable, amounts due to subsidiaries, other payables and accruals

The carrying amounts of these financial assets and liabilities other than loans receivable and borrowings at fixed rate are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of loans receivable and borrowings at fixed rate 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.

33. 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	
	2019	**2018**
	US$'000	US$'000
Capital commitments in respect of:		
- Investment properties under construction	987	2,450

33. Commitments (cont'd)

(b) Operating lease commitments - the Group as lessee

As at 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due were as follows:

Group	Premises and office equipment	Hotel properties	Total
	US$'000	US$'000	US$'000
Within one year	1,261	21,346	22,607
Later than one year and not later than five years	1,419	83,810	85,229
Later than five years	–	200,474	200,474
As at 31 December 2018	2,680	305,630	308,310

(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 one month to three years.

Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting period were as follows:

	Group	
	2019	**2018**
	US$'000	US$'000
Rental income from investment properties		
Within one year	322	332
Later than one year and not later than five years	198	158
	520	490
Charter income from vessels		
Within one year	20,040	23,966
Later than one year and not later than five years	2,559	12,467
	22,599	36,433
Hotel income from hotel under management		
Within one year	64	42
Later than one year and not later than five years	107	–
	171	42

33. 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 (gross amounts)	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Within one year	7,900	822	7,580	393
Later than one year and not later than five years	–	7,626	–	7,409
Total minimum lease receivable	7,900	8,448	7,580	7,802
Less: Unearned interest income	(320)	(646)	–	–
Present value of minimum lease receivable	7,580	7,802	7,580	7,802

As at 31 December 2019, provision for expected credit loss associated to finance lease commitment amounting to US$Nil (US$12,000), is disclosed in Note 31(b).

(e) Investment commitments

	Group	
	2019	2018
	US$'million	US$'million
Loan investments	4.2	2.2
Loan to joint venture/associate companies	0.2	0.4
	4.4	2.6

34. 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:

Group	Notes	2019 Associates	2019 Investee companies	2019 Other related companies	2018 Associates	2018 Investee companies	2018 Other related companies
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Consolidated income statement							
Fee income							
Asset management and administration fee		82	2,208	92	–	2,019	90
Arrangement and agency fee		–	551	687	–	527	1,369
Brokerage commission		–	510	–	–	473	–
Incentive fee		–	474	40	–	161	–
Investment returns							
Realised gain on investments							
- Shipping		–	501	–	–	455	–
- Commercial office building		–	4,425	–	–	–	–
Interest income from participation in bridging loan	21	–	103	–	–	49	–
Other income		–	12	–	–	–	–
Interest expense on borrowings		–	44	–	–	–	78
Consolidated balance sheets							
Accounts receivable - current		30	295	6	–	377	7
Loans receivable - current		–	950	–	–	–	–
Borrowings - non-current		–	–	–	–	–	(5,106)
Accounts payable		–	–	–	–	(5)	–
Other payable		–	–	–	–	–	(14)
Corporate guarantees provided to banks/lenders	31(b)	–	4,788	–	–	5,038	–

Other related companies refer to shareholders of the Group, who fit the definition of related parties and entities invested by an investee company.

34. Related party transactions (cont'd)

(b) Compensation of key management personnel and directors

	Group	
	2019	**2018**
	US$'000	US$'000
Short-term benefits	2,820	2,507
Employer's contribution to defined contribution plans	55	61
Other welfare and allowances	521	613
	3,396	3,181

Included in the above is total compensation to directors of the Group amounting to US$2.1 million (2018: US$2.0 million).

The compensation of directors and key management personnel is reviewed by the remuneration committee and is subject to the necessary approval.

35. Events occurring after the reporting period

The COVID-19 pandemic has caused global fear and anxiety while it is still unclear the extent to which the global business environment will be impacted, it is certain that there would be negative impact to the global economy which will affect the Group's different business segments to various degree.

The fair valuations of the investment properties, unlisted shares in commercial office buildings and small residential property developments and unlisted shares in shipping companies as disclosed in Note 32 to the financial statements are performed as at 31 December 2019, and have not been adjusted for the potential financial impact arising from the COVID-19 pandemic, if any.

36. Approval of the financial statements

The financial statements of the Group for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 16 March 2020.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2020

SHARE CAPITAL

Number of Issued Shares	:	78,599,987
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote for every ordinary share

The Company has no subsidiary holdings and treasury shares as at 16 March 2020.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 MARCH 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDINGS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 99	36	1.16	901	0.00
100 - 1,000	732	23.56	383,427	0.49
1,001 - 10,000	1,766	56.84	6,558,418	8.34
10,001 - 1,000,000	563	18.12	24,090,097	30.65
1,000,001 - and above	10	0.32	47,567,144	60.52
Grand Total	3,107	100.00	78,599,987	100.00

TOP 20 LARGEST SHAREHOLDERS AS AT 16 MARCH 2020

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	25,033,571	31.85
2	EVERGREEN INTERNATIONAL S.A.	7,031,250	8.95
3	DBS NOMINEES PTE LTD	3,477,878	4.42
4	CITIBANK NOMINEES SINGAPORE PTE LTD	2,064,050	2.63
5	MAYBANK KIM ENG SECURITIES PTE. LTD	1,973,824	2.51
6	MICHIO TANAMOTO	1,970,468	2.51
7	HAM YONG KWAN	1,732,900	2.20
8	LI YAN	1,477,655	1.88
9	MASAKI FUKUMORI	1,462,580	1.86
10	YOSHIDA KAZUHIKO	1,342,968	1.71
11	KENJI FUKUYADO	890,000	1.13
12	NG HWEE KOON	853,755	1.09
13	LECK HANG WEI	803,000	1.02
14	PHILLIP SECURITIES PTE LTD	641,185	0.82
15	RAFFLES NOMINEES (PTE) LIMITED	536,485	0.68
16	OCBC SECURITIES PRIVATE LTD	520,345	0.66
17	PHONG CHONG YEE	376,500	0.48
18	WONG YUN HEY	347,700	0.44
19	TEH KUAN LEE OR TAN LAY TUAN	337,805	0.43
20	CHAN CHEE MENG	331,400	0.42
	TOTAL	53,205,319	67.69

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2020

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	–	–	23,582,116 [(1)]	30.00%
Evergreen International S.A.	7,031,250	8.95%	–	–

Notes:-

(1) Shares registered in the name of DBS Vickers Securities (Singapore) Pte Ltd

PUBLIC SHAREHOLDINGS

Based on the information available to the Company as at 16 March 2020, approximately 56.71% of the total number of issued shares of the Company is held by the public and therefore Rule 723 of the Listing rules of the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Uni-Asia Group Limited (the "**Company**") will be held at Anson III, Level 2, M Hotel Singapore, 81 Anson Road, Singapore 079908 on Thursday, June 4, 2020 at 2.00 p.m. for the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended December 31, 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt dividend of S$0.022 per ordinary share for the financial year ended December 31, 2019. **(Resolution 2)**

   [See Explanatory Note (a)]

3. To re-elect Mr. Michio Tanamoto, a Director who is retiring by rotation in accordance with Article 94 of the Company's Constitution and who, being eligible, will offer himself for re-election. **(Resolution 3)**

   [See Explanatory Note (b)]

4. To re-elect Mr. Masahiro Iwabuchi, a Director who is retiring by rotation in accordance with Article 94 of the Company's Constitution and who, being eligible, will offer himself for re-election. **(Resolution 4)**

   [See Explanatory Note (b)]

5. To re-elect Mr. Lee Gee Aik, a Director who is retiring by rotation in accordance with Article 94 of the Company's Constitution and who, being eligible, will offer himself for re-election. **(Resolution 5)**

   Mr. Lee Gee Aik will, upon re-election as a Director of the Company, remain as the Chairman 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 (b)]

6. To approve Directors' fees of S$207,500 for the financial year ending December 31, 2020, payable quarterly in arrears (2019: S$217,650.69). **(Resolution 6)**

   [See Explanatory Note (c)]

7. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. 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:

9(i) Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Company's Constitution, authority be and is hereby given to the Directors of the Company to:-

(A) (i) issue shares of the Company ("**Shares**") whether by way of rights, bonus or otherwise, and/or

(ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 which were issued and are outstanding or subsisting at the time this Resolution is passed;

(ii) new shares arising from exercising share options or vesting of share awards which were issued and are 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,

and, in sub-paragraph (a) above and this sub-paragraph (b), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(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 Constitution 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, whichever is the earlier; 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 8)**

9(ii) Authority to grant awards and to allot and issue shares under the Uni-Asia Group 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 and subsidiary holdings as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company from time to time." **(Resolution 9)**

9(iii) 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 to be held:

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(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,

whichever is the earliest;

(C) in this Resolution:

"**Prescribed Limit**" 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 and subsidiary holdings as defined in the Listing Manual of the SGX-ST) of the Company as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding related brokerage, commission, clearance fees, 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 during such five market day period and the date of the On-Market Purchase by the Company; 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)**

9(iv) Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions

"That:

(A) approval be and is hereby given, for the purposes 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 Notice of Annual General Meeting dated April 15, 2020 ("**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 conclusion of the next Annual General Meeting of the Company; 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)**

By Order of the Board

Joanna Lim Lan Sim
Company Secretary

Singapore, April 15, 2020

Explanatory Notes

(a) In relation to Resolution 2 proposed under item 2 above, the duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00 Singapore 068898 up to 5.00 p.m. on June 18, 2020 will be registered to determine shareholders' entitlement to the proposed dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on June 18, 2020 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the forthcoming Annual General Meeting of the Company, will be paid on June 30, 2020.

(b) In relation to Resolutions 3 to 5 proposed under items 3 to 5 above, the detailed information on Mr. Michio Tanamoto, Mr. Masahiro Iwabuchi and Mr. Lee Gee Aik is set out in the section entitled "Board of Directors" and Table 3 in the "Corporate Governance Report" section of the Company's 2019 Annual Report.

Mr. Lee Gee Aik has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its substantial shareholders or its officers. Mr. Lee is considered independent by the Board.

(c) In relation to Ordinary Resolution 6 proposed in item 6 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.

Statement Pursuant to Article 57 of the Company's Constitution

The effect of the resolutions under the heading "Special Business" in this Notice of the Annual General Meeting is:-

(i) Resolution 8 proposed in item 9(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, whichever is the earlier, 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 Resolution 8 shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of Resolution 8, 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 and subsidiary holdings) of the Company at the time that Resolution 8 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 were issued and are outstanding or subsisting at the time that Resolution 8 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. As at 16 March 2020 (the "**Latest Practicable Date**"), the Company had no treasury shares and subsidiary holdings.

(ii) Resolution 9 proposed in item 9(ii) 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 Group 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 and subsidiary holdings) of the Company from time to time.

(iii) Resolution 10 proposed in item 9(iii) 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 and subsidiary holdings) (ascertained as at the date of the passing of Resolution 10 above) at such price(s) up to the Maximum Price (as defined in 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 Resolution 10 above).

The Company may use internal resources and/or external borrowings to finance purchases or acquisitions of its Shares pursuant to the Share Purchase Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the number of issued and paid-up Shares as at the Latest Practicable Date, the purchase or acquisition by the Company of up to the maximum limit of 10 per centum (10%) of its issued Shares will result in the purchase or acquisition of 7,859,998 Shares.

In the case of an On-Market Purchase (as defined in Resolution 10 above) by the Company and assuming that the Company purchases or acquires 7,859,998 Shares at the Maximum Price of S$0.571 per share (being five per centum (5%) above the average of the closing market prices of the Shares for the five market days on which the Shares were traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 7,859,998 Shares is approximately S$4,488,059 (or approximately US$3,160,605 after translation based on an exchange rate of US$1.00 to S$1.42).

In the case of an Off-Market Purchase (as defined in Resolution 10 above) by the Company and assuming that the Company purchases or acquires 7,859,998 Shares at the Maximum Price of S$0.653 per Share (being twenty per centum (20%) 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 7,859,998 Shares is approximately S$5,132,579 (or approximately US$3,614,492 after translation based on an exchange rate of US$1.00 to S$ S$1.42).

The financial effects on the Company and the Group arising from the purchase or acquisition of such Shares made pursuant to the Share Purchase Mandate, based on the audited financial statements of the Company, and the Company and its subsidiaries, for the financial year ended 31 December 2019, based on certain assumptions, are set out in the Appendix to the Notice of Annual General Meeting dated April 15, 2020 ("**Appendix**"). Please refer to the Appendix for more details.

(iv) Resolution 11 proposed in item 9(iv) 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 SGX-ST, 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) A member of the Company who is not a relevant intermediary is entitled appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(2) Any member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(3) A proxy need not be a member of the Company.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

(4) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 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 72 hours before the time appointed for the holding of the Annual General Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the personal data of the member 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 discloses the personal data of the proxy(ies) and/or representative(s) of the member to the Company (or its agents or service providers), the member 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 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.

Notice from the Company on COVID-19

The Company is closely monitoring the Covid-19 situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of the spread of the virus. In light of the evolving situation, it may be necessary to change the arrangements for this year's Annual General Meeting ("**AGM**"). The Company reserves the right to take measures as appropriate in order to minimise any risk to the shareholders and others attending the AGM. In the event such measures are adopted, the Company will make announcements as appropriate.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Michio Tanamoto, Mr. Masahiro Iwabuchi and Mr. Lee Gee Aik are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Thursday, 04 June 2020 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Appendix 7.4.1 Disclosure	Mr. Michio Tanamoto	Mr. Masahiro Iwabuchi	Mr. Lee Gee Aik
Date of Initial Appointment	17 March 1997	1 March 2018	4 January 2016
Date of last re-election	NA	27 April 2018	27 April 2018
Age	63	57	61
Country of principal residence	Singapore	Hong Kong	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation and suitability of Mr. Michio Tanamoto for re-election as Executive Director of the Company. The Board has reviewed and concluded that as one of the founders who established the Company in 1997, Mr. Michio Tanamoto is the stalwart of the Company since its inception and possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, and suitability of Mr. Masahiro Iwabuchi for re-election as Executive Director of the Company. The Board has reviewed and concluded that Mr. Masahiro Iwabuchi possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation and suitability of Mr. Lee Gee Aik for re-election as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr. Lee Gee Aik possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive	Executive	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr. Michio Tanamoto	Mr. Masahiro Iwabuchi	Mr. Lee Gee Aik
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Executive Director	Non-Executive Independent Director, Chairman of the Audit Committee and a Member of both the Nominating and Remuneration Committees.
Professional qualifications	Bachelor of Laws Degree from Hitotsubashi University of Japan	Bachelor of Economics Degree from Hirosaki University of Japan	Masters in Business Administration from the Henley Management College, United Kingdom. Qualified as a Chartered Certified Accountant with The Association of Chartered Certified Accountants, United Kingdom Fellow member of The Association of Chartered Certified Accountants, United Kingdom and The Institute of Singapore Chartered Accountants.
Working experience and occupation(s) during the past 10 years	Mr. Michio Tanamoto is one of the founders who established the Company in 1997 and has been a Director since then. He has over 37 years of experience in financial sector based in Japan, Hong Kong and Singapore. As stalwart of the Company since inception, Mr. Michio Tanamoto steers the strategic direction and vision of the Group.	As Senior Managing Director of the Group, Mr. Masahiro Iwabuchi heads the Property Investment Department. He joined the Group when it was establishes 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.	Practising Accountant

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr. Michio Tanamoto	Mr. Masahiro Iwabuchi	Mr. Lee Gee Aik
Shareholding interest in the listed issuer and its subsidiaries	1,970,468 ordinary shares	300,000 ordinary shares	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Executive Chairman and shareholder of the Company	Executive Director and shareholder of the Company	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#			
Past (for the last 5 years)	• Uni Ships and Management (Taiwan) Limited • Uni Ships and Management Korea Limited (Liquidated On 10 January 2020)	Nil	• International Healthway Corporation Limited • LHN Limited
Present	• Uni-Asia Group Limited • Uni-Asia Holdings Limited • Uni-Asia Capital (Singapore) Limited • Uni-Asia Capital Company Limited • Uni-Asia Guangzhou Property Management Company Limited • Uni-Sala Capital Investment Ltd • Uni-Asia Investment Ltd • Uni-Asia Capital (Japan) Ltd • Uni-Asia Fund Management Company Limited	• Uni-Asia Group Limited • Uni-Asia Holdings Limited • Uni-Asia Hotels Limited • Uni-Asia Capital Co., Limited • Uni-Asia Guangzhou Property Management Company., Limited • Uni-Sala Capital Investment Ltd • United Wise Capital Investment Ltd • Uni-Asia Investment Co., Ltd • Uni-Asia Capital (Japan) Co., Ltd	• Uni-Asia Group Limited • Anchun International Limited • SHS Holdings Limited • Astaka Holdings Limited • Lay Person member of the Complaints Panel of the Singapore Pharmacy Council.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr. Michio Tanamoto	Mr. Masahiro Iwabuchi	Mr. Lee Gee Aik
	• Uni-Asia Services And Agency Limited • Uni-Asia Hotels Limited • Uni Ships and Management Limited • Uni-Asia Shipping Ltd • Vista Hotel Management Co., Ltd • Uni-Prosperous Capital Investment Limited • United Wise Capital Investment Limited • Uni-Asia Wellgain Capital Investment Limited	• Vista Hotel Management Co., Ltd • Uni-Asia Wellgain Capital Investment Ltd • AAA Strategic Investment Limited • Uni-Asia Capital (Singapore) Limited • Uni-Asia Service & Agency Ltd	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent	No	No	No

Appendix 7.4.1 Disclosure	Mr. Michio Tanamoto	Mr. Masahiro Iwabuchi	Mr. Lee Gee Aik
person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?			
c) Whether there is any unsatisfied judgment against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

Appendix 7.4.1 Disclosure	Mr. Michio Tanamoto	Mr. Masahiro Iwabuchi	Mr. Lee Gee Aik
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

Appendix 7.4.1 Disclosure	Mr. Michio Tanamoto	Mr. Masahiro Iwabuchi	Mr. Lee Gee Aik
i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Appendix 7.4.1 Disclosure	Mr. Michio Tanamoto	Mr. Masahiro Iwabuchi	Mr. Lee Gee Aik
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.

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 Group 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 GROUP LIMITED

Company Registration No.: 201701284Z
Incorporated in the Republic of Singapore

APPENDIX TO THE

NOTICE OF ANNUAL GENERAL MEETING

DATED 15 APRIL 2020

CONTENTS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"2019 AGM"	:	The annual general meeting of the Company held on 26 April 2019
"2019 Appendix"	:	The appendix to the notice of the 2019 AGM dated 11 April 2019
"2020 AGM"	:	The annual general meeting of the Company to be held on 4 June 2020
"Approval Date"	:	The date of the forthcoming 2020 AGM 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, Philip Chan Kam Loon and Juliana Lee Kim Lian
"CDP"	:	The Central Depository (Pte) Limited
"Code"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Company"	:	Uni-Asia Group Limited
"Directors"	:	The directors of the Company from time to time
"EPS"	:	Earnings per Share which, for purposes of illustrating the financial effects on the Company and the Group arising from share purchases made pursuant to the Share Purchase Mandate in paragraph 2.11 of this Appendix, is calculated by dividing the net profit/(loss) attributable to owners of parent by the total number of issued Shares as at 31 December 2019 (and not, for the avoidance of doubt, the weighted average number of issued Shares during the financial year ended 31 December 2019)
"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, Kenji Fukuyado, Masahiro Iwabuchi, Yukuhiro Toda, Lee Gee Aik, Philip Chan Kam Loon and Juliana Lee Kim Lian
"Latest Practicable Date"	:	16 March 2020, being the latest practicable date prior to the printing of this Appendix
"Listing Manual"	:	The listing manual of the SGX-ST, as amended and modified 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

"**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
"**Uni-Asia Group Performance Share Plan**"	:	The Uni-Asia Group Performance Share Plan approved by shareholders of Uni-Asia Holdings Limited on 28 April 2017
"**%**" 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 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 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 2020 AGM 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.**

Shareholders had approved a mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire its Shares at the 2019 AGM held on 26 April 2019. The authority and limitations on the Share Purchase Mandate were set out in the 2019 Appendix and the ordinary resolution set out in the notice of the 2019 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of the ordinary resolution at the 2019 AGM and will expire on the date of the forthcoming 2020 AGM which is scheduled to be held on 4 June 2020. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2020 AGM.

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 renewal of the Share Purchase Mandate would give the Company the flexibility to undertake purchases or acquisitions of Shares 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 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.

2.3 **Authority and Limits of 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 2020 AGM, are substantially the same as previously approved by Shareholders at the 2019 AGM, save that the definition of "Average Closing Price" (for determining the maximum purchase price for the purchase or acquisition of Ordinary Shares pursuant to the Share Purchase Mandate) has been changed to take into account amendments to the Listing Manual which took effect on 7 February 2020. These are summarised below:

2.3.1 ***Maximum Number of Shares***

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the 2020 AGM at which the proposed renewal of the Share Purchase Mandate is approved. Any Shares which are held as treasury shares and subsidiary holdings (as defined in the Listing Manual[1]) will be disregarded for purposes of computing the 10% limit.

For illustrative purposes only: on the basis of 78,599,987 Shares in issue[2], excluding treasury shares, as at 16 March 2020 (the "**Latest Practicable Date**") and assuming that:

(a) no further Shares are issued;

(b) no further Shares are purchased or acquired by the Company and no Shares purchased or acquired by the Company are held as treasury shares; and

(c) no Shares are held as subsidiary holdings,

on or prior to the 2020 AGM, not more than 7,859,998 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.

In the event that any of the awards to acquire Shares granted or to be granted to an employee of the Group pursuant to the Uni-Asia Group Performance Share Plan ("**Awards**") that have vested are released, during the period between the Latest Practicable Date and the date of the 2020 AGM, only those new Shares that are allotted and issued by the date of the 2020 AGM ("**Approval Date**") pursuant to 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.

2.3.2 ***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 2020 AGM at which the proposed renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next annual general meeting of the Company is held or required by law 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 out to the full extent mandated,

whichever is the earliest.

[1] "Subsidiary holdings" is defined in the Listing Manual to mean Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

[2] As at the Latest Practicable Date, the Company had no subsidiary holdings.

2.3.3 ***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 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 Companies Act and the Listing Rules.

Under the 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.

2.3.4 ***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 during such five Market Day period and the date of the On-Market Purchase by the Company; 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.

2.4 **Status of Purchased or Acquired Shares.** Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

2.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

2.5.1 ***Maximum Holdings***

The number of Shares held as treasury shares[3] cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed and any such shares so allotted shall be treated, for the purposes of the Companies Act, as if they were purchased by the Company at the time they were allotted, in circumstances in which Section 76H of the Companies Act applied. A subdivision or consolidation of any treasury share into treasury shares is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

[3] For these purposes, "treasury shares" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Companies Act.

2.5.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time but subject always to the Code:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 **Sources of Funds.** The Company may purchase or acquire its own Shares out of the Company's capital, as well as from its profits, so long as the Company is solvent.

The Company may use internal resources and/or external borrowings to finance purchases or acquisitions of its Shares pursuant to the Share Purchase Mandate.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the financial position of the Group would be materially adversely affected.

2.7 **Singapore Take-over Implications.**

2.7.1 ***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.

2.7.2 ***Directors' and substantial Shareholders' Interest***

Based on the 78,599,987 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 2020 AGM;

(b) the Company purchases or acquires 7,859,998 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 2020 AGM 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)*	1,970,468	–	2.51	2.79
Kenji Fukuyado *(Executive Director)*	890,000	–	1.13	1.26
Masahiro Iwabuchi *(Executive Director)*	300,000	–	0.38	0.42
Yukuhiro Toda *(Executive Director)*	–	93,105[(1)]	0.12[(1)]	0.13
Lee Gee Aik *(Lead Independent Non-Executive Director)*	–	–	–	–
Philip Chan Kam Loon *(Independent Non-Executive Director)*	–	–	–	–
Juliana Lee Kim Lian *(Independent Non-Executive Director)*	–	–	–	–
Substantial Shareholders				
Yamasa Co., Ltd	–	23,582,116[(1)]	30.00[(1)]	33.34
Evergreen International S.A.	7,031,250	–	8.95	9.94

Note:

(1) Shares registered in the name of DBS Vickers Securities (Singapore) Pte Ltd.

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 7,859,998 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 7,859,998 Shares under the Share Purchase Mandate. In this regard, Yamasa Co., Ltd has a shareholding interest of 30.00% 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.

2.8 **Tax Implications.** Shareholders who are in doubt as to their respective tax positions or the tax implications of share repurchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 **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 56.71 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.

2.10 **Details of Share Purchases.** No purchases or acquisitions of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date pursuant to the Share Purchase Mandate approved by the Shareholders at the 2019 AGM.

2.11 **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.

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 2019, are based on the assumptions set out below:

2.11.1 ***Purchase or Acquisition out of Capital and/or Profits***

(a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (the "**Purchase Price**") and the amount available for the distribution of cash dividends by the Company will not be reduced;

(b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price and correspondingly reduce the amount available for the distribution of cash dividends by the Company; or

(c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

2.11.2 ***Number of Shares purchased or acquired***

Based on the number of issued and paid-up Shares as at the Latest Practicable Date and on the assumptions set out in paragraph 2.3.1 above, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 7,859,998 Shares.

2.11.3 ***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 7,859,998 Shares at the Maximum Price of S$0.571 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 7,859,998 Shares is approximately S$4,488,059 (or approximately US$3,160,605 after translation based on an exchange rate of US$1.00 to S$1.42).

For illustrative purposes only, in the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 7,859,998 Shares at the Maximum Price of S$0.653 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 7,859,998 Shares is approximately S$5,132,579 (or approximately US$3,614,492 after translation based on an exchange rate of US$1.00 to S$1.42).

For illustrative purposes only, and based on the assumptions set out above, and further assuming the On-Market Purchases and Off-Market Purchases are made entirely out of profits, 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 2019 as if the Share Purchase Mandate had been effective on 31 December 2019 are as follows:

(a) On-Market Purchases made entirely out of profits and held as treasury shares

	Group		Company	
As at 31 December 2019	**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	126,068	126,068	115,644	115,644
Treasury shares	–	(3,161)	–	(3,161)
Total equity including treasury shares	126,068	122,907	115,644	112,483
NTA	126,065	122,904	115,644	112,483
Current assets	86,248	83,087	6,606	3,445
Current liabilities	109,346	109,346	1,594	1,594
Total borrowings	142,576	142,576	743	743
Cash and cash equivalents	56,089	52,928	2,850	(311)
Net profit attributable to owners of parent	5,848	5,848	3,269	3,269
Total number of issued Shares ('000)	78,600	70,740	78,600	70,740
Financial Ratios				
NTA per Share (US$)	1.60	1.74	1.47	1.59
Gearing (%)	113.1%	116.0%	0.6%	0.7%
Current ratio (times)	0.79	0.76	4.14	2.16
EPS (US cents)	7.44	8.27	4.16	4.62

(b) Off-Market Purchases made entirely out of profits and held as treasury shares

	Group		Company	
As at 31 December 2019	**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	126,068	126,068	115,644	115,644
Treasury shares	–	(3,614)	–	(3,614)
Total equity including treasury shares	126,068	122,454	115,644	112,030
NTA	126,065	122,451	115,644	112,030
Current assets	86,248	82,634	6,606	2,992
Current liabilities	109,346	109,346	1,594	1,594
Total borrowings	142,576	142,576	743	743
Cash and cash equivalents	56,089	52,475	2,850	(764)
Net profit attributable to owners of parent	5,848	5,848	3,269	3,269
Total number of issued Shares ('000)	78,600	70,740	78,600	70,740
Financial Ratios				
NTA per Share (US$)	1.60	1.73	1.47	1.58
Gearing (%)	113.1%	116.4%	0.6%	0.7%
Current ratio (times)	0.79	0.76	4.14	1.88
EPS (US cents)	7.44	8.27	4.16	4.62

(c) On-Market Purchases made entirely out of profits and cancelled

	Group		Company	
As at 31 December 2019	**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	126,068	122,907	115,644	112,483
Treasury shares	–	–	–	–
Total equity including treasury shares	126,068	122,907	115,644	112,483
NTA	126,065	122,904	115,644	112,483
Current assets	86,248	83,087	6,606	3,445
Current liabilities	109,346	109,346	1,594	1,594
Total borrowings	142,576	142,576	743	743
Cash and cash equivalents	56,089	52,928	2,850	(311)
Net profit attributable to owners of parent	5,848	5,848	3,269	3,269
Total number of issued Shares ('000)	78,600	70,740	78,600	70,740
Financial Ratios				
NTA per Share (US$)	1.60	1.74	1.47	1.59
Gearing (%)	113.1%	116.0%	0.6%	0.7%
Current ratio (times)	0.79	0.76	4.14	2.16
EPS (US cents)	7.44	8.27	4.16	4.62

(d) Off-Market Purchases made entirely out of profits and cancelled

As at 31 December 2019	Group: Before the Share Purchase US$'000	Group: After the Share Purchase US$'000	Company: Before the Share Purchase US$'000	Company: After the Share Purchase US$'000
Equity excluding treasury shares	126,068	122,454	115,644	112,030
Treasury shares	–	–	–	–
Total equity including treasury shares	126,068	122,454	115,644	112,030
NTA	126,065	122,451	115,644	112,030
Current assets	86,248	82,634	6,606	2,992
Current liabilities	109,346	109,346	1,594	1,594
Total borrowings	142,576	142,576	743	743
Cash and cash equivalents	56,089	52,475	2,850	(764)
Net profit attributable to owners of parent	5,848	5,848	3,269	3,269
Total number of issued Shares ('000)	78,600	70,740	78,600	70,740
Financial Ratios				
NTA per Share (US$)	1.60	1.73	1.47	1.58
Gearing (%)	113.1%	116.4%	0.6%	0.7%
Current ratio (times)	0.79	0.76	4.14	1.88
EPS (US cents)	7.44	8.27	4.16	4.62

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 2019 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).

2.12 **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 and one month before the announcement of the Company's financial statements for its financial year (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one month before the announcement of the Company's financial statements for its half-year or full-year (if the Company does not announce its quarterly financial statements), 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 2019 AGM, Shareholders had approved the renewal 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 2019 Appendix.

The Shareholders' Mandate for Interested Person Transactions enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual, to enter in the ordinary course of business into any of the mandated 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 2020 AGM, which is scheduled to be held on 4 June 2020. Accordingly, the Directors propose that the Shareholders' Mandate for Interested Person Transactions be renewed at the 2020 AGM, to take effect until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting).

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. The Shareholders' Mandate for Interested Person Transactions has also been updated to take into account amendments to the Listing Manual which took effect on 7 February 2020 (the updates are blacklined for Shareholders' ease of reference).

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 2019 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 2019, the consolidated NTA of the Group was US$126.1 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 2020 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. <u>The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction</u>;

(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 2019, 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.

<u>The Shareholders Mandate would, however, cover transactions by a company in the Entity at Risk Group with a Mandated Interested Person with values below S$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one interested person transaction which has a value of S$100,000 or more</u>.

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 conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in 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[4]. Accordingly, the Shareholders' Mandate will also apply to the Mandated Transactions that are carried out with these associates.

[4] 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 **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);

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), Kenji Fukuyado (Executive Director), Masahiro Iwabuchi (Executive Director), Yukihiro Toda (Executive 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), Kenji Fukuyado (Executive Director), Masahiro Iwabuchi (Executive Director), Yukihiro Toda (Executive Director), Zac K. Hoshino (Managing Director), Lim Kai Ching (Group Chief Financial Officer), Masayuki Sato (President, Vista Hotel Management Co., Ltd) and Matthew Yuen Wai Keung (Managing Director).

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 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. The Company will disregard any votes cast by Yamasa Co., Ltd and their associates, 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 2020 AGM:

(a) the Constitution of the Company;

(b) the 2019 Appendix; and

(c) the annual report of the Company for the financial year ended 31 December 2019.

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UNI-ASIA GROUP LIMITED

(Company Regn. No: 201701284Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

Important:
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (the "Companies Act") may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Uni-Asia Group Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2020.

*I/We, ______________________________ NRIC/Passport no. ____________________

of ____

being *a member/members of UNI-ASIA GROUP LIMITED (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholding(s) (%)

*and/or

or failing him/her, the Chairman of the Annual General Meeting, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at Anson III, Level 2, M Hotel Singapore, 81 Anson Road, Singapore 079908 on Thursday, June 04, 2020 at 2.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against, or abstain from voting on, the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Ordinary Resolutions	For**	Against**	Abstain**
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended December 31, 2019 together with the Auditors' Report thereon.			
2	To declare a final one-tier tax-exempt dividend of S$0.022 per ordinary share for the financial year ended December 31, 2019.			
3	To re-elect Mr. Michio Tanamoto as a Director (Retiring under Article 94).			
4	To re-elect Mr. Masahiro Iwabuchi as a Director (Retiring under Article 94).			
5	To re-elect Mr. Lee Gee Aik as a Director (Retiring under Article 94).			
6	To approve Directors' fees of S$207,500 for the financial year ending December 31, 2020, payable quarterly in arrears. (2019: S$217,650.69)			
7	To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.			
8	To authorise the Directors to allot and issue shares and make or grant instruments convertible into shares.			
9	To authorise the Directors to grant share awards and to allot and issue shares under the Uni-Asia Group Performance Share Plan.			
10	To approve the proposed renewal of the Share Purchase Mandate.			
11	To approve the proposed renewal of the Shareholders' Mandate for Interested Person Transactions.			

* Delete where applicable
** Voting will be conducted by poll. If you wish your proxy to cast all your votes 'For' or 'Against' a resolution, please tick [√] in the 'For' or 'Against' box provided. Alternatively, please indicate the number of votes 'For' or 'Against' each resolution. If you wish your proxy to Abstain from voting on a resolution, please tick [√] in the 'Abstain' box. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting.

Dated this __________ day of ________________ 2020

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s) / Common Seal

Notes:-

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be executed 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 under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company 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, in accordance with its constitution and Section 179 of the Companies Act.

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof (failing previous registration with the Company), must be deposited at the office of the Company's Share Registrar, 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 72 hours before the time appointed for the holding of the Annual General Meeting.

Fold along this line

Affix
Postage
Stamp
Here

UNI-ASIA GROUP LIMITED
c/o Tricor Barbinder Share Registration Services
80 Robinson Road, #02-00 Singapore 068898

Fold along this line

6. A member of the Company should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to attend, speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated April 15, 2020.

UNI-ASIA GROUP LIMITED

Registration No. 201701284Z
Incorporated in the Republic of Singapore

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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

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