Courage Marine

Courage Marine Group Limited

(incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 1145)
(Singapore Stock Code: ATL.SI)

Annual Report 2015

CONTENTS

ABBREVIATIONS

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Audit Committee"	the Audit Committee of the Company
"BDI"	Baltic Dry Index
"Board"	the Board of Directors
"Bye-laws"	the Bye-laws of the Company
"Company"	Courage Marine Group Limited
"Directors"	the directors of the Company
"dwt"	dead weight tonnage
"Group"	the Company and its subsidiaries
"Hong Kong CR Code"	the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules
"Hong Kong Listing Rules"	the Rules Governing the listing of securities on the SEHK
"Nomination Committee"	the Nomination Committee of the Company
"Remuneration Committee"	the Remuneration Committee of the Company
"SEHK"	the Stock Exchange of Hong Kong Limited
"SFA"	the Securities and Futures Act (Chapter 289 of the Laws of Singapore)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Singapore CR Code"	Code of Corporate Governance 2012 issued by the Corporate Governance Committee
"SGX-ST"	the Singapore Exchange Securities Trading Limited
"SGX-ST Listing Manual"	the Listing Manual of SGX-ST
"Shareholders"	the shareholders of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"SGD"	Singapore Dollars, the lawful currency of Singapore
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year of 2015 has been a year of significant imbalance in supply and demand for vessels showing a continuation of the trends and conditions experienced in the last two years. Worldwide demands for bulk materials decreased substantially during the year. The BDI is a positive correlated indicator of demand for dry bulk carrier services in terms of freight rates. The BDI started at 771 points at the beginning of 2015, then went up to 1,200 points in the middle of the year, and hit the historical low 478 points at the year end.

The operating environment of the industry was very challenging throughout 2015 and the turnover of the Group decreased by 60% from approximately US$16.5 million in 2014 to approximately US$6.6 million in 2015. The decrease in turnover was the main cause that led to the Group's net loss for the year of approximately US$36.8 million, compared with the net loss of approximately US$9.7 million in the previous year.

In response to the difficult business conditions of the year, the management has put additional efforts to streamline the Group's operations. We have closed our Taiwan and Shanghai offices in the fourth quarter as a means of restructuring and streamlining our operations and business in order to reduce operation costs and expenses to a considerable extent. We are also streamlining our fleet to ensure that our vessels remain as competitive as possible by being younger and more cost-effective than those of many of our competitors. Further, our diversification into property development in Singapore is expected to mature in the first half of 2016.

FINANCIAL POSITION

The Company has obtained new equity funding of approximately US$10.7 million by way of placing new shares during the year. This has improved our cashflow and liquidity and decreased our net debt position from approximately US$22.9 million at the year end of 2014 to approximately US$10.4 million at the year end of 2015. The net cash balance of approximately US$10.4 million will serve us well for working capital for the year to come.

DIVIDENDS

In the light of the challenging market environment faced by the Group over the year, the Board has once again recommended that no dividends be paid in respect of the financial year ended 31 December 2015.

PROSPECTS

The dry bulk market remained difficult during the recent months. The BDI reached the all time low of 200 level recently. Low demand of commodities in the Greater China Region, especially during the Chinese New Year period, and over-supply of vessels has led to extra pressure on freight rates in dry bulk market. The updated tonnage of the Group fleet is approximately 114,000 dwt after disposing MV Cape Pioneer in June 2015 and MV Courage in December 2015. Fleet utilisation and freight rates are expected to remain low for 2016. Owing to difficult operating environment facing by the Group, the management will continue to explore various options for reducing costs and look for attractive investment/business opportunities which may arise that are expected to bring value to Shareholders.

APPRECIATION

I would like to take this opportunity to thank all our Shareholders, investors, bankers, business associates and customers for their continuing support to the Group, and to my fellow Directors including all the outgoing Directors during the year for their valuable services to the Group and all staff members for their hard work during the past year.

SUE KA LOK
Chairman
of the board
26 February 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

REVENUE

The Group's turnover decreased by 60% from approximately US$16.5 million in the financial year ended 31 December 2014 ("FY2014") to approximately US$6.6 million in the financial year ended 31 December 2015 ("FY2015"). The dry bulk market remained under intense pressure and the BDI was around 1,000 level for most of the time during FY2015.

PROFITABILITY

The Group's cost of sales decreased by 44% from approximately US$19.7 million in FY2014 to approximately US$11.1 million in FY2015. The Group recorded a gross loss of approximately US$4.4 million in FY2015 compared to a gross loss of approximately US$3.2 million in FY2014.

OTHER INCOME

Other income consists of interest income from banks and certificate of deposit, sundry income, and other one-off income. The Group recorded other income of approximately US$464,000 in FY2015, an increase of 36% compared to approximately US$341,000 in FY2014. This was largely due to an one-off sundry income received in FY2015.

OTHER GAINS AND LOSSES

Other gains and losses consist of changes in fair value of investment property, changes in fair value of held-for-trading investments, gains and losses on the disposal of fixed assets and exchange gains and losses. The Group recorded net other loss of approximately US$5.8 million in FY2015 compared to net other gain of approximately US$1.4 million in FY2014 which was mainly a result of the loss recognised for the disposals of MV Cape Pioneer and MV Courage during FY2015.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 7% from approximately US$3.2 million in FY2014 to approximately US$3.4 million in FY2015 as the Group had an one-off long service payment expense for the discontinuation of the operations of Taiwan and Shanghai offices.

OTHER EXPENSES

The Group had recorded other expenses of approximately US$1.9 million in FY2015 compared to approximately US$0.8 million in FY2014 as the Group had recorded further impairment provision on the other deposits paid for a purchase contract of coal of approximately US$1.7 million in FY2015.

IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

The Group conducted a review of the Group's vessels and other assets and determined that a number of those assets were impaired. The Group recorded impairment loss on property, plant and equipment for approximately US$20.7 million in FY2015 in respect of the vessels in light of the decrease in revenue and market value of the vessels and scrap materials. The recoverable amount of the vessels has been determined on the basis of their fair value less cost to sell. The Group recorded an impairment loss on vessels of approximately US$2.9 million in FY2014.

FINANCE COSTS

The Group recorded finance costs of approximately US$1.1 million in FY2015 compared to approximately US$1.4 million in FY2014 mainly due to less bank borrowings.

INCOME TAX EXPENSES

The Group's subsidiaries recorded an income tax expense of approximately US$2,000 during FY2015 compared to approximately US$10,000 in FY2014.

NET LOSS

Overall, the Group recorded a higher net loss of approximately US$36.8 million in FY2015 compared to a net loss of approximately US$9.7 million in FY2014. This was mainly due to less chartering activities coupled with lower freight rates, loss on disposals of MV Cape Pioneer and MV Courage, and impairment loss of vessels' value in use.

OTHER COMPREHENSIVE INCOME

The Group recorded a gain on revaluation of owner-occupied property of approximately US$0.5 million in FY2015 compared to a gain of approximately US$0.8 million in FY2014.

The Group recorded a deferred tax charge on revaluation of leasehold land and building of approximately US$65,000 in FY2015 compared to a deferred tax charge of approximately US$121,000 in FY2014.

LONG-TERM RECEIVABLES AND DEPOSITS

The decrease of long-term receivables and deposits from approximately US$5.3 million as at 31 December 2014 to approximately US$1.8 million as at 31 December 2015 was mainly due to the reclassification of an interest-free loan of approximately US$3.9 million (in relation to a property development project in Singapore) to current assets and further impairment provision of approximately US$1.7 million recognised on the deposit paid for a purchase contract for coal.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, there were 8 (31 December 2014: 23) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

RISK FACTORS

The Group has identified and is facing a number of significant risks during the year of 2015. Some of these risks are ongoing factors which the industry has to cope with in medium to long term. Other risk factors are specific to the Group.

1. ECONOMIC RISK

The world economy has suffered a large scale of contraction since 2008. Although great efforts such as Monetary Easings have been placed by the United States, the European Union and other major countries, there does not seem to have sight of quick overall recovery in the short term. This factor is outside of the Group's control and would have a material adverse effect on the Group's overall performance.

2. MARKET RISK

The Group is operating in a highly volatile market. The business of dry bulk cargo carriers is subject to demand and supply of vessels by cargo shippers in the region as well as the worldwide market. The industry has suffered over supply of vessels in the last few years. On the other hand, cargo volumes have decreased significantly as a result of the downturn of world economy. The Group is therefore exposed to multiple impacts due to the intense competition among shippers. The Group's current vessel utilisation rate is under pressure and the recent freight rates are lower than a few years ago. These are the main reasons of the Group's reduced revenue and profitability. If freight rates remain low or keep on declining, this may adversely affect the Group's financial performance.

3. ENVIRONMENTAL RISK

The Group is constantly exposed to inherent risks as oil spills, pollution, collisions, mechanical breakdown of its vessels, adverse weather conditions, fire or other calamity. Any of these factors may cause disruptions to the Group's operations and result in loss or damage to its vessels or cargo. The Group may also be liable for damages or compensation payable and its existing insurance may not be able to cover all claims fully or its costs may increase significantly. This may adversely affect the Group's financial performance.

4. CUSTOMER RISK

The Group has been relied on a small number of customers in the last few years. This has been limiting the Group's bargaining power on freight rates and flexibility in freight contract options. The Group may not be able to expand its customer base in the short to medium term which may adversely affect its financial performance.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 December 2015, there were no material and significant dispute between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group is closely following the rules and regulations of the International Maritime Organisation ("IMO"). The IMO sets out a number of regulations and guidelines for the shipping industry that include safety, environment, human, technical, legal and security elements. The Group has established internal control systems and procedures based on these IMO rules, especially the ISM Code, International Safety Management Code. The Group's internal systems are subject to annual review and audit by IMO compliance agents. The Group is working vigorously to improve its performance in order to follow and match the ever changing requirements of the industry and the IMO in particular.

FINANCIAL HIGHLIGHTS

INCOME STATEMENT (US$'000)	2015	2014
Revenue	6,643	16,535
EBITDA	(33,872)	(6,124)
Net loss	(36,843)	(9,724)
BALANCE SHEET (US$'000)		
Non-current assets	40,111	79,449
Total assets	59,026	97,006
Total current assets	18,915	17,557
Share capital & reserves	32,527	58,322
Net debt	(10,386)	(22,936)
FINANCIAL RATIOS		
Return on equity (%)	(113.30)	(16.70)
Net gearing (%)	81.50	66.30
Interest cover (times)	(32.8)	(6.1)
PER SHARE		
Loss (US cents)	(34.40)	(9.18)*
Net tangible assets (US cents)	25.60	55.08*
ORDINARY DIVIDENDS		
– gross (US cents)	N/A	N/A
Share price at year end (SGD)	1.22	0.62*
Share price at year end (HKD)	7.57	3.90*

* At the special general meeting of the Company held on 29 April 2015, the Shareholders had duly approved the share consolidation on the basis that every ten issued and unissued ordinary shares of par value of US$0.018 each to be consolidated into one ordinary share of par value of US$0.18 each effective from 7 May 2015 (fractional entitlements being disregarded). Comparative figures have been restated on the assumption that the share consolidation had been effective in prior year.

DIRECTORS' PROFILE

MR. SUE KA LOK ("MR. SUE") Chairman and Executive Director

Aged 50, joined the Company as an Executive Director and the Chairman of the Board in October 2015 and is also a director of various subsidiaries of the Company and a member of the Nomination Committee. Mr. Sue holds a Bachelor of Economics degree from The University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), a certified practising accountant of the CPA Australia, a fellow of both The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Securities and Investment Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice.

Mr. Sue is an executive director and the company secretary of China Strategic Holdings Limited (stock code: 235) ("China Strategic") and an executive director of Eyang Holdings (Group) Co., Limited (stock code: 117). Mr. Sue was an executive director and the chief executive officer of Enviro Energy International Holdings Limited (stock code: 1102) ("Enviro Energy") until 7 October 2015; and the chief executive officer and an executive director of BEP International Holdings Limited (stock code: 2326) ("BEP International") until 10 January 2014 and 13 July 2015 respectively. Mr. Sue was also the chairman and a non-executive director of Winshine Science Company Limited (formerly known as China Tycoon Beverage Holdings Limited) (stock code: 209) ("Winshine") until 4 November 2014 and 27 November 2014 respectively; an executive director and the chairman of Hailiang International Holdings Limited (formerly known as Sunlink International Holdings Limited) (stock code: 2336) (''Hailiang International'') until 3 June 2014 and an executive director and the chief executive officer of Skyway Securities Group Limited (formerly known as Poly Capital Holdings Limited) (stock code: 1141) ("Skyway") until 31 October 2014. All of the above companies are listed in Hong Kong.

MR. LAI MING WAI (''MR. LAI'') Chief Executive Officer and Executive Director

Aged 56, joined the Company as an Executive Director and the Chief Executive Officer in October 2015 and is a director of various subsidiaries of the Company. Mr. Lai holds a bachelor's degree in social sciences from The University of Hong Kong. Mr. Lai was a senior executive of Bank of America and was primarily responsible for developing and managing the bank's business in southern region of the People's Republic of China (the "PRC"). Mr. Lai has extensive experience in the banking and finance industry.

Mr. Lai is an executive director of Enviro Energy and a non-executive director of Hong Wei (Asia) Holdings Limited (stock code: 8191). He was an executive director and the chief executive officer of Hailiang International until 3 June 2014, all of the above companies are listed in Hong Kong.

MR. WU JIAN ("MR. WU") Executive Director

Aged 61, joined the Company as an Executive Director in April 2014. Mr. Wu graduated from the Renmin University of China with a bachelor's degree in Economics in 1982.

Mr. Wu started his career in 1982 with the China Coal Energy Group (formerly known as China Coal Import and Export General Corporation) and retired in early 2014. The positions he held during his engagement with the China Coal Energy Group included company secretary, manager of import and export department, general manager of China Coal (Hong Kong) Ltd and assistant to the president and executive director of China Coal Energy Company Limited (stock code: 1898), a company listed in Hong Kong.

MS. CHAN YUK YEE ("MS. CHAN") Executive Director

Aged 47, joined the Company as an Executive Director in October 2015 and is a director of various subsidiaries of the Company. Ms. Chan holds a Master of Business Law degree from Monash University in Australia and is an associate member of both The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Chan has over 15 years of experience in corporate administration and company secretarial practice.

Ms. Chan is the company secretary of Hailiang International and Enviro Energy. Ms. Chan was an executive director of Huajun Holdings Limited (formerly known as New Island Printing Holdings Limited) (stock code: 377) ("Huajun") until 25 September 2014 and an executive director and the company secretary of Winshine until 10 November 2014 when she was redesignated as a non-executive director of Winshine and served until 8 April 2015. She was also the company secretary of Skyway until 2 July 2014. All of the above companies are listed in Hong Kong.

MR. FOO MENG KEE ("MR. FOO") Independent Non-executive Director

Aged 66, joined the Company as an Independent Non-executive Director in April 2014 and is a member of the Audit Committee. Mr. Foo obtained a Bachelor of Commerce (Hons.) degree from Nanyang University of Singapore in 1973 and a Master of Business Administration degree from the University of Dubuque, the United States in 1990.

Mr. Foo is the principal owner and the managing director of MK Capital Pte Ltd and MK Marine Pte Ltd. He is highly experienced in the new build of vessels in various Chinese shipyards, and possesses extensive experience to the PRC market. He served in Hitachi Zosen Singapore Ltd ("Hitachi") from 1976 to 1998. In 1989, he was appointed to the board of directors of Hitachi. In 1992, he was appointed as the managing director, and at his helm, Hitachi successfully gained its listing status on the Main Board of the SGX-ST. During the period from 1992 to 1998, Mr. Foo was a member of the executive committee and the audit committee of Hitachi.

Mr. Foo holds directorships in the following companies listed on the Main Board of the SGX-ST: as an independent director and chairman of the audit committee of Sinarmas Land Limited and Lee Metal Group Limited; as a non-executive and independent director of Jiutian Chemical Group Limited. From 2006 to 2015, Mr. Foo was also an independent director and a chairman of the nominating committee of See Hup Seng Limited.

Mr. Foo was an independent non-executive director of Titan Petrochemicals Group Limited (stock code: 1192) until 30 September 2015, a company listed in Hong Kong.

MR. NGIAM ZEE MOEY ("MR. NGIAM") Independent Non-executive Director

Aged 60, joined the Company as an Independent Non-executive Director in April 2014 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Ngiam obtained a Bachelor of Commerce (Accountancy) degree from Nanyang University in 1980 and a Graduate Diploma in Marketing from the Marketing Institute of Singapore in 1993. He is a fellow member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants of the United Kingdom ("UK").

Mr. Ngiam has over 30 years' experience in various accounting, financial and managerial positions. During 1987 to 2005, he was the group financial controller of Lauw & Sons Group in Singapore, where he was responsible for all financial matters of the group including reviewing financial statements of the group. Since 2004 till present, he is also the joint company secretary of AEI Corporation Ltd, a company listed on the Main Board of the SGX-ST.

Mr. Ngiam holds directorship in the following companies listed on the Main Board of the SGX-ST: as an independent director and the chairman of the audit committee of Zhongxin Fruit and Juice Limited; and as an independent director of Hosen Group Limited.

Mr. Ngiam was an independent director of Sunmart Holdings Limited between 18 June 2007 and 28 July 2011, the company is listed on the Main Board of SGX-ST. He was also an independent director of Darco Water Technologies Limited between 28 September 2012 and 16 May 2014, the company is listed on the Main Board of SGX-ST.

MR. ZHOU QIJIN (''MR. ZHOU'') Independent Non-executive Director

Aged 55, joined the Company as an Independent Non-executive Director in October 2015 and is the Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee. Mr. Zhou holds a bachelor's degree in law from the Southwest University of Political Science and Law, the PRC. He has extensive experience in property investments, large scale outdoor advertising and promotion business as well as automobile sales and marketing in the PRC.

Mr. Zhou has not held any other directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas for the last three years.

MR. TO YAN MING, EDMOND ("MR. TO") Independent Non-executive Director

Aged 44, joined the Company as an Independent Non-executive Director in October 2015 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. To holds a Bachelor of Commerce (Accounting) degree from Curtin University of Technology in Western Australia. Mr. To is a Certified Public Accountant (Practising) in Hong Kong, and also a member of both the CPA Australia and the HKICPA. He had worked for Deloitte Touche Tohmatsu, an international accounting firm, and has extensive experience in auditing, accounting, public offerings and taxation matters. Mr. To is also a director of Edmond To CPA Limited, R.C.W. (HK) CPA Limited and Zhonglei (HK) CPA Limited.

Mr. To is an independent non-executive director of China Vanguard Group Limited (stock code: 8156), Wai Chun Group Holdings Limited (stock code: 1013) and Wai Chun Mining Industry Group Company Limited (stock code: 660). He was an independent non-executive director of China Household Holdings Limited (stock code: 692), Theme International Holdings Limited (stock code: 990) and BEP International until 10 December 2015, 31 May 2015 and 20 December 2013 respectively. All of the above companies are listed in Hong Kong.

EXECUTIVE OFFICERS' PROFILE

MR. YUEN CHEE LAP, CARL ("MR. YUEN") Financial Controller

Aged 42, is the Group's financial controller and is in charge of the Group's finance and accounting control, as well as the Group's reporting, SGX-ST and SEHK compliance. He obtained a Bachelor of Business Administration degree and a Master of Business Administration degree from University of Houston, United States in 1997 and 1998 respectively. Mr. Yuen has rich experience in finance and accounting both in Hong Kong and the United States. He started his career in the United States. He joined Greensmart Corp., a United States listed company in 2000 and served as chief financial officer from 2000 to 2003. Mr. Yuen then joined the Company as the financial manager since January 2004 and was appointed as the Financial Controller in May 2006.

Mr. Yuen is an independent non-executive director of Hang Fat Ginseng Holdings Company Limited (stock code: 911) effective from 29 February 2016, a company listed in Hong Kong.

MR. HON KWOK PING, LAWRENCE ("MR. HON") Financial Director

Aged 67, is the Financial Director and one of the joint company secretaries of the Group. He is a Certified Practising Accountant with fellow membership of the HKICPA and the Association of International Accountants, UK. Mr. Hon has over 30 years of working experience in accounting and finance as well as business operations. He joined the Company in January 2004 and is now the Financial Director in charge of the Group's finance and accounting controls.

Mr. Hon is an independent non-executive director of Vital Mobile Holdings Limited (stock code: 6133), a company listed in Hong Kong.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015.

1 PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 1 to the consolidated financial statements.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement and Management Discussion and Analysis sections set out on pages 3 to 6 of this annual report. This discussion forms part of this directors' report.

2 RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 35.

The Board does not recommend the payment of a dividend.

3 PROPERTY, PLANT AND EQUIPMENT

During the year, the Group disposed of two vessels for a cash consideration of approximately US$8.6 million. Details of the movements during the year in the property, plant and equipment of the Group are set out in Note 19 to the consolidated financial statements.

4 SHARE CAPITAL

Details of the share capital of the Company are set out in Note 31 to the consolidated financial statements.

5 ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

6 DISTRIBUTABLE RESERVES OF THE COMPANY

The Company had accumulated losses of US$29,620,000 as at 31 December 2015 (2014: US$8,775,000) and had no reserve available for distribution to its Shareholders.

7 DIRECTORS

The Directors in office during the year and up to the date of this annual report were/are:

EXECUTIVE DIRECTORS

Sue Ka Lok (appointed on 14 October 2015)
Lai Ming Wai (appointed on 14 October 2015)
Wu Jian
Chan Yuk Yee (appointed on 30 October 2015)
Wu Chao-Huan (resigned on 14 October 2015)

NON-EXECUTIVE DIRECTORS

Hsu Chih-Chien (resigned on 14 October 2015)
Tsoi Wai Kwong (resigned on 25 January 2016)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Foo Meng Kee
Ngiam Zee Moey
Zhou Qijin (appointed on 14 October 2015)
To Yan Ming, Edmond (appointed on 30 October 2015)
Chu Wen Yuan (resigned on 14 October 2015)

In accordance with Bye-law 85(6) of the Bye-laws, any Director appointed by the Board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Sue Ka Lok, Mr. Lai Ming Wai, Ms. Chan Yuk Yee, Mr. Zhou Qijin and Mr. To Yan Ming, Edmond, who were appointed by the Board in October 2015 shall retire at the forthcoming annual general meeting to be held on 29 April 2016.

In accordance with Bye-law 86 of the Bye-laws and the Hong Kong CR Code, each Director shall retire at least once every three years. Other than the above Directors newly appointed by the Board, no remaining Director is required to be retired pursuant to the Bye-laws as all the remaining Directors were appointed at an annual general meeting less than three years before the forthcoming annual general meeting.

8 DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

9 DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND DEBENTURES

As at 31 December 2015, none of the Directors and the chief executive of the Company had any interests in shares, underlying shares and debentures of the Company, a related corporation of the Company (within the meaning of Part I of the SFA) or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company, the SGX-ST and the SEHK.

10 DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

11 DIRECTOR'S INTEREST IN COMPETING BUSINESS

Mr. Hsu Chih-Chien and his family, through a series of ship-owning companies ("Hsu Companies"), have been engaged in vessel chartering business through handysize vessels, which may compete with the business of the Group. Mr. Hsu Chih-Chien resigned as Non-executive Director on 14 October 2015. As (i) the business of Hsu Companies is restricted to handysize vessels only and the Company's strategy is to acquire larger size vessels; (ii) Mr. Hsu Chih-Chien was subject to the First Undertaking and the Second Undertaking (as respectively defined in the listing document of the Company) and (iii) there was established procedures to identify conflict of interest of Mr. Hsu Chih-Chien, the Group has been capable of carrying on its business independently of, and at arm's length from the said competing business.

Save as disclosed above, during the year ended 31 December 2015, none of the Directors or their respective associates was interested in any business which competes or is likely to compete with the businesses of the Group.

12 DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

13 SHARE OPTIONS

The Company and its subsidiaries have no share option scheme.

14 SUBSTANTIAL SHAREHOLDERS

Save as disclosed under "Substantial Shareholders" in the section "Statistics of Shareholdings" on page 89 of this annual report, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at 31 December 2015, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Section 336 of the SFO or Section 135 of the SFA.

15 APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Hong Kong Listing Rules and the Singapore CR Code. The Company considers all of the Independent Non-executive Directors are independent.

16 INDEMNITY OF DIRECTORS

Pursuant to the Bye-laws, every Director or other officer of the Company for the time being acting in relation to any affairs of the Company shall be entitled to be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, misfortune or damage which may happen in the execution of his/her office or in relation thereto. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and other officers of the Company during the year.

17 CONNECTED TRANSACTIONS

During the year, a subsidiary of the Company paid commission expense to Hwalee Marine Co. Ltd. for vessel chartering services. Hwalee Marine Co. Ltd. is owned and operated by Mr. Hsu Chih-Chien's spouse. Mr. Hsu Chih-Chien resigned as Non-executive Director on 14 October 2015. This transaction is regarded as connected transaction pursuant to Chapter 14A of the Hong Kong Listing Rules (but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements) and interested person transactions pursuant to Chapter 9 of the SGX-ST Listing Manual. Particulars of the transactions are disclosed in Note 39 to the consolidated financial statements.

18 EMOLUMENT POLICY

The emolument policy of the Group's employees is formulated by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and prevailing market conditions.

19 PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

20 PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31 December 2015, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

21 MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 39.3% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 13.7% of the Group's total purchases.

The percentage of sales attributable to the Group's five largest customers is approximately 74.0% of the Group's total revenue for the year and the revenue attributable to the Group's largest customer was approximately 34.2% of the Group's total revenue.

At no time during the year did a Director, an associate of a Director, or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest suppliers and customers.

22 AUDIT COMMITTEE

The Audit Committee comprises four Independent Non-executive Directors, namely Mr. Ngiam Zee Moey, Mr. Foo Meng Kee, Mr. Zhou Qijin and Mr. To Yan Ming, Edmond with Mr. Ngiam Zee Moey acting as the Chairman.

The Audit Committee met periodically to perform the following functions:

(a) review the audit plans and results of the internal auditors' examination and evaluation of the Group's risk management systems and internal controls;

(b) review the audit plan of the Company's external auditors;

(c) review the external auditors' report;

(d) review the co-operation given by the Company's officers to the external auditors;

(e) review the financial statements of the Company and the Group before submission to the Board;

(f) nominate external auditors for re-appointment;

(g) review interested person transactions;

(h) review the quarterly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group; and

(i) review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial report or other matters (whistle-blowing policy).

The Group's internal audit function has been outsourced to an independent assurance service provider which specialises in risk management and internal audit. The Audit Committee is satisfied that the appointed internal auditor has the relevant qualifications and track record to meet the standards set by internationally recognised professional bodies including the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The primary objective of the internal audit is to assure the Audit Committee and the Board that sufficient risk management processes and controls are in place and operating effectively. The Audit Committee is satisfied that the internal audit function is adequately resourced and will comprehensively cover the major activities within the Group. The Audit Committee considered the volume of non-audit services provided by the external auditors to the Group, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The Audit Committee recommended to the Board the re-appointment of Deloitte Touche Tohmatsu as external auditor of the Company at the forthcoming annual general meeting.

23 CORPORATE GOVERNANCE

The corporate governance report is set out on pages 18 to 32.

24 SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float from its listing date to 31 December 2015.

25 USE OF PLACEMENT PROCEEDS

The Company had on 8 December 2015 completed a placement of 21,176,000 ordinary shares under general mandate to certain independent third parties at an issue price of HK$4 per share (the "Placing"). These Shares rank pari passu in all respects with the then existing Shares.

The Company intends to use the net proceeds of approximately HK$82,200,000 from the Placing as general working capital of the Group and/or funding of attractive business/investment opportunities if so arise. As at the date of this annual report, the net proceeds of approximately US$4,080,000 has been applied as working capital of the Group including making short-term investments in equity-linked notes and listed equity securities in Hong Kong.

26 EVENTS AFTER THE REPORTING PERIOD

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 26 February 2016 which would materially affect the Group's and the Company's operating and financial performance as at the date of this annual report.

27 AUDITOR

The auditors, Deloitte Touche Tohmatsu, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

Sue Ka Lok

Lai Ming Wai

26 February 2016

CORPORATE GOVERNANCE REPORT 2015

The Board is committed to setting and maintaining high standards of corporate governance to ensure greater corporate transparency and to protect interests of the Shareholders and enhance Shareholders' value. During the year ended 31 December 2015, the Company adopted the revisions relating to the Hong Kong CR Code that came into effect on 1 April 2012.

In addition, the Company had also adopted principles and practices of corporate governance in line with the recommendations of the Singapore CR Code as part of its continuing obligations as a listed company under the SGX-ST Listing Manual. The SGX-ST Listing Manual requires an issuer to describe their corporate governance practices with specific reference to the principles of the Singapore CR Code in its annual report, as well as disclose and explain any deviation from any guideline of the Singapore CR Code.

In the event of any conflict between the Singapore CR Code and the Hong Kong CR Code, the Company will comply with the more onerous code provision. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with both the Singapore CR Code and the Hong Kong CR Code.

During the year ended 31 December 2015, the Company has complied with the Hong Kong CR Code, except for the following deviation:

Under the Code Provision A.4.1 of the Hong Kong CR Code, non-executive directors should be appointed for a specific term and subject to re-election. However, two of the Independent Non-executive Directors, namely Mr. Foo Meng Kee and Mr. Ngiam Zee Moey, are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Bye-laws.

BOARD OF DIRECTORS

BOARD'S CONDUCT OF ITS AFFAIRS

The Board is entrusted with the responsibility for the overall management of our Company. The Board's primary role is to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of Shareholders' interests and the Company's assets;

(c) review performance of the Group's management;

(d) identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;

(g) approve the Company's action plans and budget (proposed by the management);

(h) report to the Shareholders at the annual general meeting about the state of the Company's matters and about the Company's business results; and

(i) resolve any matters which require the Board's approval under any applicable law (including, without limitation, interested person transactions).

All Directors are tasked to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

During the year, the Board held regular scheduled meetings on a quarterly basis to coincide with the announcement of the Group quarterly, half year, and full year results and for management to update the Board on significant business activities and overall business environment.

Ad hoc Board meetings were convened when the need arose. Where the attendance of certain Directors was not physically possible, the meeting was conducted with the Directors attending through tele-conferencing. The Bye-laws provide for meetings to be held via telephone, radio, conference television or similar communication equipment or any other form of audio or audio-visual communication by which all persons participating in the meeting are able to hear and be heard by all other participants, for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. To further facilitate the efficient management of the Group, resolutions of the Board were passed by way of circulating minutes pursuant to Bye-law 121 of the Bye laws. Details of the number of Board meetings held in the year and attendance of each Board member at those meetings and meetings of the various board committees of the Company (the "Board Committees") are provided on page 24 of this annual report.

In accordance with the Singapore CR code, the Board has, without abdicating its responsibility, delegated its function to the various Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. All Board Committees were chaired by an Independent Non-executive Director and consist mainly of Independent Non-executive Directors.

The Board has adopted internal guidelines setting out, inter alia, the following matters which are specifically reserved to the Board for approval:

- corporate restructuring;
- mergers and acquisitions;
- material acquisitions or disposal of assets;
- the release of the Group's financial results announcements;
- interested person transactions;
- capital expenditure or commitment exceeding US$1 million per transaction;
- share issuances, capital transactions, declaration of dividends and other returns to Shareholders;
- approving the appointment, dismissal and remuneration of Directors;
- reviewing the adequacy and effectiveness of the Company's risk assessment and internal control systems, including financial, operational, compliance and information technology controls, and the provision of an opinion in the Company's annual report with the concurrence of the Audit Committee on such adequacy and effectiveness, addressing financial, operational and compliance risks (with recommendation from the Audit Committee); and
- matters involving a conflict on potential conflict of interest involving a substantial Shareholder or a Director.

Clear directions have also been given to the management on matters that must be approved by the Board.

The management would conduct briefings and orientation programmes to familiarise newly appointed Directors with the various businesses, operations and processes of the Group and all relevant laws and regulations relevant to the Group so that they have a proper understanding of the operation, governance practices, and business of the Group and are fully aware of their responsibilities under the relevant laws and regulations. The Company will issue a formal letter of appointment to new Directors setting out their duties and obligations when they are appointed.

Directors periodically receive appropriate training or updates from the management on the relevant new laws, regulations and changing commercial risks in the Group's operating environment. In addition, individual Directors may from time to time attend separate training and professional development programmes, whether in Singapore, Hong Kong or otherwise, in connection with their own profession or work or other directorships which they may hold.

The Company does not have a formal training program for new Directors. However, a newly appointed Director will be briefed by the management on the business operations and key regulatory issues relating to the Group. Directors are also informed of major regulatory changes affecting the Group. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as Directors.

BOARD COMPOSITION AND BALANCE

The Board exercises objective judgment independently from the management on corporate affairs of the Group and no individual or small group of individuals dominate the decisions of the Board.

As of the date of this annual report, our Board comprises eight Directors, four of whom are independent. Key information about each Director is detailed in the "Directors' Profile" section of this annual report. The Directors in office during the year and up to the date of this report were/are:

Executive Directors
Mr. Sue Ka Lok (Chairman) (appointed on 14 October 2015)
Mr. Lai Ming Wai (Chief Executive Officer) (appointed on 14 October 2015)
Mr. Wu Jian
Ms. Chan Yuk Yee (appointed on 30 October 2015)
Mr. Wu Chao-Huan (resigned on 14 October 2015)

Non-executive Directors
Mr. Tsoi Wai Kwong (resigned on 25 January 2016)
Mr. Hsu Chih-Chien (resigned on 14 October 2015)

Independent Non-executive Directors
Mr. Foo Meng Kee
Mr. Ngiam Zee Moey
Mr. Zhou Qijin (appointed on 14 October 2015)
Mr. To Yan Ming, Edmond (appointed on 30 October 2015)
Mr. Chu Wen Yuan (resigned on 14 October 2015)

There are no permanent alternate Directors.

Mr. Suen Cho Hung, Paul ("Mr. Suen"), the ultimate beneficial owner of Success United Development Limited, the substantial Shareholder, holds/held shares in certain companies listed in Hong Kong, while Mr. Sue Ka Lok, Mr. Lai Ming Wai, Ms. Chan Yuk Yee and Mr. To Yan Ming, Edmond is/was/are/were director(s) of some of the said companies. Mr. Suen indirectly holds approximately 9.89% of the issued share capital of China Strategic and is the ultimate beneficial owner of the controlling shareholder of Enviro Energy. Mr. Suen was also the ultimate beneficial owner of the controlling shareholder of each of BEP International, Huajun and Hailiang International until July 2015, August 2014 and April 2014 respectively; and was the ultimate beneficial owner of the substantial shareholder of each of Winshine and Skyway until July 2015 and May 2015 respectively.

Mr. Sue Ka Lok was an executive director of each of Enviro Energy, BEP International and Hailiang International until 7 October 2015, 13 July 2015 and 3 June 2014 respectively; and was a non-executive director of Winshine until 27 November 2014, while each of Mr. Lai Ming Wai, Ms. Chan Yuk Yee and Mr. To Yan Ming, Edmond is/was director of some of the said companies. Mr. Lai Ming Wai is an executive director of Enviro Energy and was an executive director of Hailiang International until 3 June 2014. Ms. Chan Yuk Yee was an executive director of Winshine until 10 November 2014 when she was redesignated as a non-executive director of Winshine and served until 8 April 2015. Mr. To Yan Ming, Edmond was an independent non-executive director of BEP International until 20 December 2013.

Our Nomination Committee reviews the independence of each Director annually and applies the Singapore CR Code and the Hong Kong Listing Rules qualification standard of an independent Director in its review.

During the year ended 31 December 2015, the Board met the requirements of Rules 3.10(1) and (2) of the Hong Kong Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and Rule 221 of the SGX-ST Listing Manual of having at least two independent Directors who are residents in Singapore.

RESIGNATION OF DIRECTORS

Mr. Hsu Chih-Chien resigned as Non-executive Director and Chairman of the Board, Mr. Wu Chao-Huan resigned as Executive Director and Managing Director of the Company and Mr. Chu Wen Yuan resigned as Independent Non-executive Director from the close of business on 14 October 2015. They all served the Board from 2005 since the listing of the Company on the SGX-ST.

Mr. Tsoi Wai Kwong resigned as Non-executive Director on 25 January 2016. He started serving the Board from 29 April 2014.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board and the Chief Executive Officer of the Company are separate individuals. The Chairman of the Board bears responsibility for the proper functioning of the Board, maintains ongoing supervision over the management of the Company and the flow of information from the management to the Board. As the most senior executive in the Company, the Chief Executive Officer bears executive responsibility for the Company's business according to the policy set by the Board and subject to the Board's directives.

The Chairman of the Board ensures that Board meetings are held regularly and, in addition, when necessary, sets the Board meetings agenda in consultation with the Chief Executive Officer of the Company. As a general rule, Board papers are sent to Directors in advance in order for Directors to be adequately prepared for the meeting. The Chairman leads each Board meeting and ensures full discussion of agenda items. The management, as well as external experts who can provide additional insights into the matters discussed are invited when necessary to attend at the relevant time during the Board meetings.

BOARD MEMBERSHIP

In accordance with Bye-law 85(6) of the Bye-laws, any Director appointed by the Board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Sue Ka Lok, Mr. Lai Ming Wai, Ms. Chan Yuk Yee, Mr. Zhou Qijin and Mr. To Yan Ming, Edmond, who were appointed by the Board in October 2015 shall retire at the forthcoming annual general meeting.

In accordance with Bye-law 86 of the Bye-laws and the Hong Kong CR Code, each Director shall retire at least once every three years. Other than the above Directors newly appointed by the Board, no remaining Director is required to be retired pursuant to the Bye-laws as all remaining Directors were appointed at an annual general meeting less than three years before the forthcoming annual general meeting.

All five directors offer themselves for re-election at the forthcoming annual general meeting. The Nomination Committee has reviewed and recommended the re-appointment of these five directors at the forthcoming annual general meeting.

The responsibilities of the Nomination Committee are to make recommendations to the Board on relevant matters relating to:

(a) reviewing board succession plans for Directors, in particular, the Chairman and the Chief Executive Officer of the Company;

(b) the development of a process for evaluation of the performance of the Board, its Board Committees and Directors by proposing objective performance criteria;

(c) the review of training and professional development programs for the Board; and

(d) the appointment and re-appointment of Directors (including alternate directors, if applicable).

In addition, the Nomination Committee has its terms of reference defining its role which include, inter alia:

(a) making recommendations to the Board on all Board appointments, including re-nomination, having regard to the Director's contribution and performance (such as their attendance, preparedness, participation and candour) including, if applicable, as an independent Director. All Directors are required to submit themselves for rotation and re-appointment at regular intervals and at least once every three years;

(b) determining annually whether or not a Director is independent, bearing in mind the circumstances set forth in the Singapore CR Code, Rule 3.13 of the Hong Kong Listing Rules and any other salient factors;

(c) deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director taking into consideration the Director's number of listed company board representations and other principal commitments;

(d) reviewing the independence of any Director who has served on the Board for more than nine years from the date of his/her first appointment and the reasons for considering him/her as independent;

(e) recommending to the Board internal guidelines that address the competing time commitments that are faced when Directors serve on multiple boards and determining the maximum number of listed company board representations which any Director may hold; and

(f) deciding on how our Board's performance may be evaluated and propose objective performance criteria, as approved by our Board.

The Nomination Committee has also determined that the Directors have been adequately carrying out their duties as Directors, taking into consideration the number of listed company board representations and other principal commitments of each Director.

In the process of selecting, appointing and re-appointing Directors, the Nomination Committee considers factors such as the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent Director.

The Nomination Committee reviews and assesses candidates for directorship before making recommendations to the Board. In recommending new directors to the Board, the Nomination Committee takes into consideration the skills and experience of the candidates and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Bye-laws.

BOARD PERFORMANCE

The Nomination Committee has, with the approval of the Board, established performance criteria and evaluation procedures for the assessment of the effectiveness and performance of the Board and Board Committees.

Currently, the Board's performance is evaluated on the basis of the Board and Board Committee's performance or accountability as a whole, as the Board is of the opinion that given the size of the Board, the background, expertise and experience of each Director and the interactions amongst Board members, it is not necessary for the performance of Directors to be evaluated individually.

Each Board member is required to complete a Board appraisal assessment form. On the basis of returns submitted, the chairman of the Nomination Committee prepares a consolidated report which is presented to the Nomination Committee for evaluation and consideration, inter alia, in connection with the Nomination Committee's recommendations to the Board for re-nomination for Directors for re-appointment.

In evaluating the Board's performance, the Nomination Committee considers performance criteria such as, Board processes, Board information and accountability and Board performance in relation to discharging its principal functions and responsibilities for financial targets (if applicable). Such performance criteria have been approved by the Board. The performance criteria has not changed from the previous financial year, and will not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

The Nomination Committee is of the view that it would not be meaningful to set a maximum number of board representations that a Director is permitted to have as individual Directors may have different commitments and time resources for the purpose of meeting their obligations under their various board representations. The Nomination Committee also believes that multiple board representations will benefit the Board as the Directors will then be able to bring with them the experience and knowledge obtained from their directorships in other companies.

Note:
The term "principal commitments" as defined in the Singapore CR Code includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Each member of our Nomination Committee abstains from voting on any resolution in respect of his re-nomination as a Director.

The attendance of the Directors at meetings of the Board and Board Committees during the financial year ended 31 December 2015 are as follows:

	Board		Audit Committee		Nomination Committee		Remuneration Committee	
Name	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Hsu Chih-Chien [1]	6	4	–	–	2	2	1	1
Sue Ka Lok [2]	6	2	–	–	2	1	–	–
Wu Chao-Huan [1]	6	4	–	–	–	–	–	–
Lai Ming Wai [2]	6	2	–	–	–	–	–	–
Chu Wen Yuan [1]	6	4	4	3	2	2	1	1
Wu Jian [3]	6	6	–	–	–	–	–	–
Tsoi Wai Kwong [3 & 4]	6	6	–	–	–	–	–	–
Chan Yuk Yee [5]	6	1	–	–	–	–	–	–
Foo Meng Kee [3]	6	6	4	4	–	–	–	–
Ngiam Zee Moey [3]	6	6	4	4	2	2	1	1
Zhou Qijin [2]	6	2	4	2	2	1	1	0
To Yan Ming, Edmond [5]	6	1	4	2	2	1	1	0

Note:

1. Mr. Hsu Chih-Chien, Mr. Wu Chao-Huan and Mr. Chu Wen Yuan resigned as Directors on 14 October 2015.

2. Mr. Zhou Qijin, Mr. Lai Ming Wai and Mr. Sue Ka Lok were appointed as Directors on 14 October 2015. Mr. Sue Ka Lok was concurrently appointed as Chairman of the Board and a member of the Nomination Committee, Mr. Zhou Qijin was appointed as Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee and Mr. Lai Ming Wai was appointed as the Chief Executive Officer of the Company.

3. Mr. Wu Jian, Mr. Tsoi Wai Kwong, Mr. Foo Meng Kee and Mr. Ngiam Zee Moey were appointed as Directors at the annual general meeting held on 29 April 2014. Mr. Ngiam Zee Moey was concurrently appointed as Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee on 29 April 2014. Mr. Foo Meng Kee was concurrently appointed as a member of the Audit Committee on 29 April 2014.

4. Mr. Tsoi Wai Kwong resigned as Director on 25 January 2016.

5. Mr. To Yan Ming, Edmond, and Ms. Chan Yuk Yee were appointed as Directors on 30 October 2015. Mr. To Yan Ming, Edmond was concurrently appointed as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

BOARD DIVERSITY

In March 2014, the Board formally adopted a Board Diversity Policy which seeks to record the Company's policy on board diversity and to recognise terms of the relevant new code provision of the Hong Kong CR Code which came into effect on 1 September 2013. The Board believes that board diversity enhances decision-making capacity and a diverse board is more effective in dealing with organizational changes and less likely to suffer from group thinking. The Board recognize that board diversity is an essential element contributing to the sustainable development of the Company. The objectives of the Board Diversity Policy are to have a board which:

(a) is characterised by a broad range of views arising from different experiences when discussing business;

(b) facilitates the making of informed and critical decisions; and

(c) has sustainable development as its core value, and thus promotes the interests of all our stakeholders, particularly the long-term interests of our Shareholders, fairly and effectively.

For the purpose of the Board Diversity Policy, the Company considers the concept of diversity incorporates a number of different aspects, such as professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity, and length of service. The achievement of these objectives is measurable on an objective review by Shareholders of the overall composition of the Board, the diversity of background and experience of individual Directors and the effectiveness of the Board in promoting Shareholders' interests.

Recognising Directors are appointed by Shareholders, not the Board or the Company, merit and competence to serve the Board and hence Shareholders remains the first priority. In order for Shareholders to judge for themselves whether the Board as constituted is a reflection of diversity, or a gradual move to increased diversity, on a scale and at a speed which they support, the Board shall continue to provide sufficient information to Shareholders about the background, qualifications, characteristics etc. of each individual Board member and therefore, the Board as a whole.

The Nomination Committee has been in charge of the review of the Board Diversity Policy on a periodic basis. The Nomination Committee believes that the approach of review of the policy may take the form of an analysis of the Board in the different aspects of diversity as set out above having regard to the sustainable development of the Company, supplemented with Shareholders' feedback on the diversity of the Board and its overall effectiveness in promoting Shareholders' interests.

The Board Diversity Policy is available on the SEHK and the Company's website.

ACCESS TO INFORMATION

The Board has separate and independent access to senior management of the Company. Requests for information from the Board are dealt with promptly to enable Board members to make informed decisions.

The management provides the Board members with complete, adequate and timely information prior to Board meetings and on an ongoing basis, and the Board members have separate and independent access to the management to enable them to make informed decisions to discharge their duties and responsibilities. The materials prepared for each meeting of the Board include Board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements, and are normally circulated in advance of each meeting. The Board papers include sufficient information from the management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. In respect of budgets, where there is a material variance between the projections and actual results, the management will disclose and explain this to the Board.

The Board is informed of all material events and transactions as and when they occur. Professional advisors may be invited to advise the Board, or any of its members, if the Board or any individual member thereof needs independent professional advice.

Joint company secretaries of the Company (the "Company Secretaries", individually referred as "Company Secretary") attend all Board meetings and are responsible for ensuring that Board procedures are followed and recording the minutes. Together with the management, the Company Secretaries are responsible to ensure that (i) established procedures and all relevant statutes and regulations which are applicable to the conduct of Board meetings and matters by the Company are complied with, (ii) there is good information flow within the Board and its Board Committees and between the management and the Non-executive Directors, (iii) advising the Board on corporate governance matters as required, and (iv) facilitating orientation and assisting with professional development as required.

The Company Secretaries and the management are also responsible to ensure that the Company complies with the requirements and listing rules of both the SGX-ST and the SEHK and other rules and regulations that are applicable to the Company. A Director or the Board as a group, may seek professional advice in furtherance of their duties and the costs will be borne by the Company.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee has its terms of reference which clearly set out its authority and duties and provides that the Remuneration Committee should comprise of at least three Non-executive Directors, a majority of whom, including the chairman, are independent.

As at the date of this report, members of our Remuneration Committee are:

Mr. Zhou Qijin, Chairman of the Remuneration Committee and Independent Non-executive Director
Mr. Ngiam Zee Moey, member of the Remuneration Committee and Independent Non-executive Director
Mr. To Yan Ming, Edmond, member of the Remuneration Committee and Independent Non-executive Director

According to its terms of reference, the responsibilities of the Remuneration Committee include reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel, as well as specific remuneration packages for each Director as well as key management personnel. The Remuneration Committee covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind, and will be submitted for endorsement by the entire Board. The Remuneration Committee reviews the remuneration packages with the aim of building capable and committed management teams through competitive remuneration compensation. The Remuneration Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

The Remuneration Committee also reviews 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. The Remuneration Committee aims to be fair and avoids rewarding poor performance.

Each member of the Remuneration Committee abstains from voting on any resolutions in respect of his own remuneration package.

The Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages of the Executive Directors and key management personnel for the year under review.

LEVEL AND MIX OF REMUNERATION

In setting remuneration packages, the aim of the Remuneration Committee is to motivate without being excessive and retain and motivate Directors and key management personnel, and ensure that the Company is able to attract and retain the best talent in the market to drive the Group's businesses forward in order to maximise long-term Shareholder's value. The Remuneration Committee takes into account the performance of the Group, as well as the performance of individual Directors and key management personnel, and linking the remuneration of Directors and key management personnel to indicators such as core values, competencies, key result areas, performance rating and potential. Such performance-related remuneration takes into account the risk policies of the Company, and is sensitive to the time horizon of risks. The Remuneration Committee also takes into consideration industry practices and norms in compensation.

Directors are paid directors' fees/remuneration, endorsed by the Board based on the effort, time spent and responsibilities of the Directors. The Remuneration Committee ensures that Non-executive Directors are not over compensated to the extent that their independence is compromised.

Notes:
The term "key management personnel" as defined in the Singapore CR Code means the chief executive officer (or equivalent) and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

DISCLOSURE OF REMUNERATION

A summary remuneration table of our Directors and the Chief Executive Officer of the Company[1] is shown below.

	Salary %	Bonus %	Fee %	Benefits %	Total %	Total US$
Sue Ka Lok	100	–	–	–	100	14,000
Lai Ming Wai[1]	100	–	–	–	100	11,000
Chan Yuk Yee	100	–	–	–	100	8,000
Wu Jian	54	23	23[2]	–	100	133,000
Wu Chao-Huan	47	53	–	–	100	239,000
Hsu Chih-Chien	–	–	–	–	–	–
Tsoi Wai Kwong	–	–	100[2]	–	100	30,000
Foo Meng Kee	–	–	100[2]	–	100	35,000
Ngiam Zee Moey	–	–	100[2]	–	100	35,000
To Yan Ming, Edmond	–	–	100[2]	–	100	3,000
Zhou Qijin	–	–	100[2]	–	100	3,000
Chu Wen Yuan	–	–	100[2]	–	100	34,000

Notes:

1. Mr. Lai Ming Wai is the Chief Executive Officer of the Company.

2. Directors' fee payable as ordinary remuneration.

A summary remuneration table of the top 5 key management executives is shown below. The annual aggregate remuneration paid to the top key management personnel of the Company for the financial year ended 31 December 2015 was approximately US$687,000.

Remuneration Band	Salary %	Bonus %	Fee %	Benefits %	Total %
Below SGD300,000					
Hon Kwok Ping, Lawrence	100	–	–	–	100
Huang She-Jyh	100	–	–	–	100
Kuo Ji-Rong	100	–	–	–	100
Tong Sheng-Tung	100	–	–	–	100
Yuen Chee Lap, Carl	100	–	–	–	100

ACCOUNTABILITY

The Directors undertake the responsibility of (i) overseeing the corporate performance of the Company and is accountable to Shareholders for the processes and structure of directing and managing the Company's business and affairs, (ii) providing a balanced and understandable assessment of the Company's performance, position and prospects, which extends to interim and other price sensitive public reports and reports to regulators (if required), (iii) taking adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of SGX-ST and SEHK, by establishing written policies where appropriate.

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2015.

In presenting the annual financial statements and announcements of financial results to the Shareholders, it is the aim of the Board to provide the Shareholders with a balanced and understandable assessment of the Company's and Group's performance, position and prospects.

The Board's responsibility to present a balanced, clear and understandable assessment extends to its annual and interim reports, price-sensitive announcement and other financial disclosures required under the SGX-ST Listing Manual and Hong Kong Listing Rules and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

Management's role is to report to the Board the operational and financial performance of the Group by keeping the Board informed and updated with the provision of financial and management reports, on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's prospects. The Board will update the Shareholders on the operations and financial position of the Company through quarterly, half year and full year announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board determines the Company's levels of risk tolerance and risk policies, and oversees the management in the design, implementation and monitoring of the risk management and internal control systems.

The Board also reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls annually. Such review is carried out with the assistance of the external and outsourced internal auditors. Material non-compliance and internal control weakness and recommendations for improvements noted during the audit are reported to the Audit Committee. The Audit Committee has reviewed the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors. The system of internal controls established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any events that can be reasonably foreseen as it strives to achieve its business objectives. The Board notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

The Chief Executive Officer, the Executive Directors, Financial Controller and Financial Director have each at the financial year-end provided a letter of assurance to the Audit Committee confirming, inter alia, that:–

1. the consolidated results of the Group and the financial statements of the Company for the financial year ended 31 December 2015 have been prepared in accordance with the provisions of the Bermuda Companies Act and the International Financial Reporting Standards so as to give a true and fair view of the Company's operations and finances as at 31 December 2015, and the results and changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended 31 December 2015;

2. the financial records have been properly maintained;

3. the Company and the Group have put in place and will continue to maintain an effective risk management and internal control systems (addressing financial, operational and compliance risks) and corporate governance practices; and

4. they are not aware of any known significant deficiencies in the risk management and internal control systems relating to the preparation and reporting of financial data, or of any fraud.

Based on the internal controls established and maintained by the Group, the work performed by the internal and external auditors, and reviews performed by the management, various Board Committees and the Board, pursuant to Rule 1207(10) of the SGX-ST Listing Manual, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks are adequate as at 31 December 2015.

AUDIT COMMITTEE

The terms of reference of the Audit Committee provides that the Audit Committee should comprise at least three Directors, all of whom, including the chairman, shall be independent. Two members of the Audit Committee have sufficient accounting or related financial management expertise or experience to discharge their responsibilities.

The Audit Committee assists our Board in discharging their responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in the Group.

The Audit Committee provides a channel of communication between the Board, the management and the external auditors on matters relating to audit. In particular, the Audit Committee is responsible for:

(a) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

(b) reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the Company's risk management systems and internal controls, including financial, operational, compliance and information technology controls, either internally or with the assistance of any competent third parties;

(c) reviewing the adequacy and effectiveness of the Company's internal audit function;

(d) meeting with the internal auditors without the presence of the Company's management at least once a year;

(e) approving the hiring, removal, evaluation and compensation of the head of the internal audit, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

(f) ensuring that the internal audit function is staffed with persons with the relevant qualifications and experience;

(g) reviewing the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors;

(h) reviewing with the external auditor the following: audit plan; their evaluation of the system of internal accounting controls; their letter to management; and the management's response;

(i) reviewing financial statements and balance sheet and profit and loss accounts before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual, the Hong Kong Listing Rules and any other relevant statutory or regulatory requirements;

(j) reviewing internal audit reports, ensuring co-ordination between external auditors and the management, reviewing assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the final audit, and any matters which the auditors may wish to discuss (in absence of the management, where necessary);

(k) considering appointment or re-appointment of external auditors and matters relating to resignation or dismissal of auditors;

(l) reviewing the Interested Person Transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual and the Connected Transactions (if any) falling within the scope of Chapter 14A of the Hong Kong Listing Rules;

(m) reviewing potential conflicts of interest, if any;

(n) undertaking such other reviews and projects as maybe requested by the Board, and reporting to the Board findings from time to time on matters arising and requiring the attention of the Audit Committee;

(o) generally undertaking such other functions and duties as may be required by statute or the SGX-ST Listing Manual, the Hong Kong Listing Rules (as may be amended from time to time); and

(p) reviewing on a regular basis, and subject to such review, approving the financial products with respect to any hedging activities, if any, to be undertaken by the Group.

Apart from the above functions, the Audit Committee will also commission and review the findings of internal or external investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. Each member of the Audit Committee abstains from voting in respect of matters in which he is interested.

The Company has put in place a whistle-blowing framework, endorsed by the Audit Committee where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. Staff of the Group has access to the Company Secretary and may in confidence, raise concerns about possible improprieties in any such corporate matters by sending an email or a letter in writing to the Company Secretary, who would re-direct and/or send such email or letter in writing to the Audit Committee. There was no whistle-blowing message received during the year and until the date of this report.

The Audit Committee has full access to and co-operation from management and meets with the external and internal auditors of the Company, in each case, without the presence of management, at least once a year. It also has full discretion to invite any Director or key management to attend its meetings, and has been given reasonable resources to enable it to discharge its function.

The Audit Committee takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with briefings conducted by the external auditors.

The Group's external auditors, Deloitte Touche Tohmatsu, is an accounting firm registered with the Hong Kong Institute of Certified Public Accountants and have been the auditors of the Group since 15 January 2013 and Mr. Benny Lam is the current audit partner in charge. The external auditors provide regular updates and periodic briefings to the Audit Committee on changes or amendments to accounting standards to enable the members of the Audit Committee to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The Audit Committee has also reviewed and confirmed that Deloitte Touche Tohmatsu is a suitable audit firm to meet the Company's audit obligations, having regards to the adequacy of resources and experience of the firm and the assigned audit engagement partner, other audit engagements, size and nature of the Group, number and experience of supervisory and professional staff assigned to the audit.

The statement of the external auditors of the Group about their reporting responsibilities for the financial statements is set out in page 34 of this annual report.

During the year under review, the remuneration paid/payable to the Company's external auditors is set out below:

Service Category	**Fees paid/payable** (US$'000)
Audit Services	232
Non-Audit Services	53
Total	285

The Group confirms that it is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual.

The Audit Committee confirms that it has undertaken a review of all non-audit services provided by external auditors and such services would not, in the Audit Committee's opinion, affect the independence of the external auditors.

INTERNAL AUDIT

Since March 2006, the Company has outsourced its internal audit function to an independent assurance service provider which specialises in risk management, internal control and internal audit. The Audit Committee is satisfied that the appointed internal auditor has the relevant qualifications and track record to meet the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The primary objective of the internal audit is to assure the Audit Committee and the Board that sufficient risk management processes and controls are in place and operating effectively.

The internal auditor reports primarily to the Chairman of the Audit Committee. The Audit Committee is satisfied that the internal audit function is adequately resourced and will comprehensively cover the major activities within the Group.

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND GREATER SHAREHOLDER PARTICIPATION

The Company's results are published through the SGXNET and HKEx news websites and news releases. The Company does not practise selective disclosure. Price sensitive information is first publicly released, either before the Company meets with any group of analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period. All Shareholders receive the annual report and notice of the annual general meeting. At the annual general meeting, Shareholders are given the opportunity to air their views and ask the Directors or the management questions regarding the Company.

The Company does not have a fixed dividend policy. The Directors monitor and assess the Company's ability to declare or pay dividends, whether final or interim, taking into account, inter alia, factors and considerations such as the Group's financial position, retained earnings, results of operations and cash flow, the ability of the Company's subsidiaries to make dividend payments to the Company, the Group's expected working capital requirements, the Group's expected capital expenditure and future expansion and investment plans and other funding requirements, the Group's actual and projected financial performance and position, restrictions on payment of dividend that may be imposed by financing arrangements (if any), general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group and such other factors that the Board considers relevant.

As the Company suffered a loss for the financial year ended 31 December 2015, the Company will not be paying dividends for the financial year ended 31 December 2015.

Pursuant to Bye-law 57 of the Bye-laws, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of section 74(3) of the Companies Act 1981 of Bermuda (as amended from time to time).

DEALINGS IN SECURITIES

In line with the rules of the SGX-ST Listing Manual, the Company has adopted a policy prohibiting the Company and its officers from dealing in the Company's shares whilst they are in possession of unpublished material price sensitive information and 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 full year financial statements. The Company also discourages trading on short-term considerations.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Hong Kong Listing Rules (the "Model Code") which are applicable to its Directors and key employees.

The Company has made specific enquiry of all Directors and the Company is not aware of any non-compliance with the required standard as set out in the Model Code and under the rules of the SGX-ST Listing Manual.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling Shareholder subsisting during the financial year ended 31 December 2015.

INTERESTED PERSON TRANSACTIONS

All interested person transactions under the SGX-ST Listing Manual and the Connected Transactions under the Hong Kong Listing Rules are considered and reviewed by the Audit Committee, and to the extent required by the SGX-ST Listing Manual, the Hong Kong Listing Rules and/or Bermuda Companies Act, by the Audit Committee. The internal control procedures ensure that all interested person transactions and connected transactions are conducted at arm's length and on commercial terms.

During the financial year, interested person transactions entered into by the Group were as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted for FY2015
Hwalee Marine Co. Ltd (Owned and operated by Mr. Hsu Chih-Chien's spouse)*	Commission expenses for vessel chartering – US$7,000

* Mr. Hsu Chih-Chien, resigned as a Director with effect from 14 October 2015, is considered a connected person as a former director whose appointment has ceased for less than 12 months.

The transaction value was not over 1% of the Net Tangible Assets of our Company as at 31 December 2015 and the stipulated thresholds for reporting and approval requirements under Rule 14A.31 of the Hong Kong Listing Rules and Chapter 9 of the SGX-ST Listing Manual.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than SGD100,000)
–	Nil	Nil

No employee at the Group is an immediate family member of a Director of the Company and whose remuneration exceeds SGD50,000 during the year under review.

RISK ASSESSMENT AND MANAGEMENT

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

STATEMENT OF DIRECTORS

In the opinion of the Directors, the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 35 to 87 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Sue Ka Lok

Lai Ming Wai

26 February 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COURAGE MARINE GROUP LIMITED
勇利航業集團有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Courage Marine Group Limited (the "Company") and its subsidiaries (collectively referred as the "Group") set out on pages 35 to 87, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 February 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	THE GROUP 2015 US$'000	2014 US$'000
Revenue	8	**6,643**	16,535
Cost of sales		**(11,073)**	(19,732)
Gross loss		**(4,430)**	(3,197)
Other income	9	**464**	341
Other gains and losses	10	**(5,833)**	1,437
Administrative expenses		**(3,430)**	(3,212)
Impairment loss on property, plant and equipment	19	**(20,651)**	(2,900)
Other expenses	11	**(1,870)**	(820)
Finance costs	12	**(1,091)**	(1,363)
Loss before tax		**(36,841)**	(9,714)
Income tax expense	13	**(2)**	(10)
Loss for the year attributable to owners of the Company	14	**(36,843)**	(9,724)
Other comprehensive income (expense) for the year, net of income tax:			
Item that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of leasehold land and building		**456**	782
Deferred tax liability arising on revaluation of leasehold land and building		**(65)**	(121)
Total other comprehensive income for the year		**391**	661
Total comprehensive expense for the year attributable to owners of the Company		**(36,452)**	(9,063)
			(Restated)
Loss per share attributable to owners of the Company (US cents)	17		
– basic and diluted		**34.4**	9.18

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	THE GROUP 2015 US$'000	THE GROUP 2014 US$'000	THE COMPANY 2015 US$'000	THE COMPANY 2014 US$'000
Non-current assets					
Property, plant and equipment	19	**32,886**	68,711	**–**	–
Interests in subsidiaries	20	**–**	–	**–**	8,023
Interest in a joint venture	21	**5,330**	5,330	**–**	–
Amounts due from subsidiaries	20	**–**	–	**18,057**	31,055
Long-term receivables and deposits	22	**1,816**	5,329	**–**	–
Available-for-sale investment	23	**79**	79	**–**	–
Total non-current assets		**40,111**	79,449	**18,057**	39,078
Current assets					
Trade receivables	24	**–**	156	**–**	–
Other receivables and prepayments	22	**4,142**	3,160	**35**	28
Amount due from a joint venture	25	**669**	553	**–**	–
Held-for-trading investments	26	**–**	444	**–**	–
Pledged/restricted bank deposits	27	**3,697**	4,361	**–**	–
Cash and cash equivalents	28	**10,407**	8,883	**10,708**	65
Total current assets		**18,915**	17,557	**10,743**	93
Total assets		**59,026**	97,006	**28,800**	39,171
Current liabilities					
Other payables and accruals	29	**1,633**	2,193	**677**	860
Borrowings – due within one year	30	**2,691**	4,024	**–**	–
Total current liabilities		**4,324**	6,217	**677**	860
Capital and reserves					
Share capital	31	**22,871**	19,059	**22,871**	19,059
Share premium		**34,872**	28,027	**34,872**	28,027
Property revaluation reserve	32	**2,125**	1,734	**–**	–
Other reserve		**1,531**	1,531	**–**	–
(Accumulated losses) retained profits		**(28,872)**	7,971	**(29,620)**	(8,775)
Total equity		**32,527**	58,322	**28,123**	38,311

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015

		THE GROUP		THE COMPANY	
	NOTES	**2015**	2014	**2015**	2014
		US$'000	US$'000	**US$'000**	US$'000
Non-current liabilities					
Deferred taxation	33	**376**	311	**–**	–
Borrowings - due more than one year	30	**21,799**	32,156	**–**	–
Total non-current liabilities		**22,175**	32,467	**–**	–
Total liabilities and equity		**59,026**	97,006	**28,800**	39,171
Net current assets (liabilities)		**14,591**	11,340	**10,066**	(767)
Total assets less current liabilities		**54,702**	90,789	**28,123**	38,311

The consolidated financial statements on pages 35 to 87 were approved and authorised for issue by the Board of Directors (the "Directors") on 26 February 2016 and are signed on its behalf by:

Sue Ka Lok
DIRECTOR

Lai Ming Wai
DIRECTOR

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Property revaluation reserve	Other reserve	Retained profits/ (accumulated losses)	Total
	US$'000	US$'000	US$'000	US$'000 (Note)	US$'000	US$'000
THE GROUP						
At 1 January 2014	19,059	28,027	1,073	1,531	17,695	67,385
Loss for the year	–	–	–	–	(9,724)	(9,724)
Surplus on revaluation of leasehold land and building	–	–	782	–	–	782
Deferred tax liability arising on revaluation of leasehold land and building	–	–	(121)	–	–	(121)
Total comprehensive income (expense) for the year	–	–	661	–	(9,724)	(9,063)
At 31 December 2014	19,059	28,027	1,734	1,531	7,971	58,322
Loss for the year	–	–	–	–	(36,843)	(36,843)
Surplus on revaluation of leasehold land and building	–	–	456	–	–	456
Deferred tax liability arising on revaluation of leasehold land and building	–	–	(65)	–	–	(65)
Total comprehensive income (expense) for the year	–	–	391	–	(36,843)	(36,452)
Placing of new shares (Note 31)	3,812	6,845	–	–	–	10,657
At 31 December 2015	22,871	34,872	2,125	1,531	(28,872)	32,527

Note: Other reserve represented excess of the fair value of a property interest transferred to the Group over the carrying amount of a deferred consideration receivable, which was settled by an independent third party in prior year.

	Share capital	Share premium	Retained profits/ (accumulated losses)	Total
	US$'000	US$'000	US$'000	Us$000
THE COMPANY				
At 1 January 2014	19,059	28,027	25,788	72,874
Total comprehensive expense for the year	–	–	(34,563)	(34,563)
At 31 December 2014	19,059	28,027	(8,775)	38,311
Placing of new shares (Note 31)	3,812	6,845	–	10,657
Total comprehensive expense for the year	–	–	(20,845)	(20,845)
At 31 December 2015	22,871	34,872	(29,620)	28,123

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 US$'000	2014 US$'000
OPERATING ACTIVITIES		
Loss before tax	(36,841)	(9,714)
Adjustments for:		
Dividend income from listed investments	(20)	(20)
Interest income	(67)	(62)
Interest expense	1,091	1,363
Loss (gain) on disposal of property, plant and equipment	5,335	(1,475)
Change in fair value of held-for-trading investments	(70)	6
Change in fair value of investment property	–	(15)
Depreciation of property, plant and equipment	1,945	2,289
Discount effect on long-term loan receivable	–	246
Imputed interest income on long-term receivable	(246)	(237)
Impairment loss on deposits paid	1,685	476
Impairment loss on trade receivables	146	–
Impairment loss on other receivables	26	98
Impairment loss on property, plant and equipment	20,651	2,900
Property, plant and equipment written off	13	–
Operating cash flows before movements in working capital	(6,352)	(4,145)
Decrease in trade receivables	10	1,173
Decrease (increase) in other receivables and prepayments	1,613	(12)
Decrease in other payables and accruals	(739)	(82)
Decrease in held-for-trading investments	514	–
Cash used in operations	(4,954)	(3,066)
Income tax paid	(2)	(10)
Interest income received	67	62
Interest expense paid	(1,091)	(1,363)
Dividends received from listed investments	20	20
NET CASH USED IN OPERATING ACTIVITIES	(5,960)	(4,357)
INVESTING ACTIVITIES		
Deposits for acquisition of property, plant and equipment and investment properties	(535)	(253)
Purchase of property, plant and equipment	(76)	(8,075)
Proceeds on disposal of property, plant and equipment	8,551	8,394
Proceeds from disposal of subsidiaries	29	-
Withdrawal (placement) of pledged/restricted bank deposits	664	(31)
Advance to a joint venture	(116)	(141)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	8,517	(106)
FINANCING ACTIVITIES		
New loans raised	–	10,000
Repayment of loans	(11,690)	(7,331)
Decrease in bank overdraft	–	(2,475)
Net proceeds received from placing of new shares	10,657	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,033)	194
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,524	(4,269)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	8,883	13,152
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10,407	8,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

Courage Marine Group Limited (the "Company") (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is at Suite 1801, West Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK"). The consolidated financial statements are presented in United States dollars ("US$"), which is the functional currency of the Company, and all values in the tables are rounded to the nearest thousand (US$'000) as indicated.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries and a joint venture are set out in Notes 20 and 21 respectively.

There are no significant changes to the principal activities of the Company and its subsidiaries (the "Group") during the year ended 31 December 2015.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to International Financial Reporting Standards ("IFRSs") for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the above new or revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 January 2017

IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

In July 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *"Revenue"*, IAS 11 *"Construction Contracts"* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" (cont'd)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

The Directors do not anticipate that the application of the other new and revised IFRSs will have a material effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK ("Hong Kong Listing Rules") and the disclosure requirements by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Hong Kong Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with Hong Kong Financial Reporting Standards. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Hong Kong Listing Rules but not under the new CO or amended Hong Kong Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and leasehold land and building that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current liability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

Where necessary, adjustments are made to financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

INTEREST IN A JOINT VENTURE

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

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in a joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures. When the Group's share of losses of a joint venture exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *"Impairment of Assets"* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its joint venture, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Income from voyage charter is recognised on the percentage of completion basis which is determined on the time proportion method of each individual voyage, so that revenues and associated voyage costs, such as fuel and port charges are recognised rateably over the estimated duration of the voyage. Income from time charter is recognised on a time proportion basis.

Ship management income is recognised when the services are rendered.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established provided that it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Rental income from investment property was recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is recognised when it is probable that the economic benefits will follow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

EMPLOYEE LEAVE ENTITLEMENT

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

TAXATION (cont'd)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of the revalued asset, the relevant revaluation reserve will be transferred directly to retained profits. No transfer is made from the revaluation reserve to retained profits except when an asset is derecognised.

Depreciation is recognised so as to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. When parts of an item of property, plant and equipment have different useful lives, the cost of each part is depreciated separately.

Depreciation of vessels is charged so as to write off the cost of vessels over their remaining estimated useful lives from the date of initial delivery from the shipyard (second hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life), after allowing for residual values estimated by the Directors, using the straight-line method. Each vessel's residual value is estimated at the product of its lightweight tonnage and estimated scrap rate.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date, usually ranging from 2.5 to 5 years. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

Expenditure incurred after items of property, plant and equipment have been put into operations, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Leasehold land and buildings transferred from investment properties are stated at deemed cost equal to its fair value at the date of change in use. The transferred properties are depreciated over their unexpired lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

The estimated useful lives of the assets are summarised as follows:

Vessels	30 years from the date of initial delivery from the shipyard
Dry-docking	2.5 to 5 years
Furniture, fixtures and equipment	5 years
Leasehold improvement	5 years
Leasehold land and buildings	45 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

IMPAIRMENT OF TANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

LEASEHOLD LAND AND BUILDING

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), available-for-sale financial asset ("AFS") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest rate basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held-for-trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held-for-trading may be designated as FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including long-term receivables, amounts due from subsidiaries, amount due from a joint venture, trade receivables, other receivables, pledged/restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payment; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liability

Financial liability (including borrowings) is subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to other entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Residual value and useful lives of property, plant and equipment

As described in Note 3, property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives to the estimated residual values. The Group assesses regularly the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such difference will impact the depreciation in the year in which such estimate has been changed.

Impairment of property, plant and equipment (Note 19)

The Group assesses regularly whether property, plant and equipment have any indication of impairment in accordance with its accounting policy. The Group determines the recoverable amount of the vessels based on the higher of value in use and fair value less cost to sell. As at 31 December 2015, since the recoverable amounts of the vessels is lower than their carrying amounts, an impairment on property, plant and equipment amounting to US$20,651,000 (2014: US$2,900,000) was recognised in the profit or loss. The carrying amount of the Group's property, plant and equipment at the end of the reporting period was US$32,886,000 (2014: US$68,711,000).

Estimated impairment of trade and other receivables

The Group regularly conducts assessments on possible losses resulting from the inability of debtors to settle the amounts due to the Group. The assessment is based, inter alia, on the age of the debt and the credit-worthiness of the debtors. For trade receivables, allowances are applied where events or changes in circumstance indicate that the balances may not be collectible. The identification of impairment requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of trade and other receivables and impairment in the year in which such estimate has changed. As at 31 December 2015, the carrying amount of trade and other receivables is US$5,667,000 (2014: US$7,266,000).

Fair value of leasehold land and building included in property, plant and equipment

Leasehold land and building included in property, plant and equipment is carried in the consolidated statement of financial position at its revalued amount. Details of which are disclosed in Note 19.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Fair value of leasehold land and building included in property, plant and equipment (cont'd)

The fair values of these properties were determined by reference to valuations conducted on these properties by an independent firm of property valuers using property valuation techniques which involve certain assumptions of prevailing market conditions. Favourable or unfavourable changes to these assumptions may result in changes in the revaluated amount of the Group's leasehold land and building included in property, plant and equipment included in the consolidated statement of financial position. For the leasehold land and building included in property, plant and equipment, it will also result in the corresponding adjustments to depreciation recognised in profit or loss, and the change in fair value and the corresponding deferred tax impact recognised in other comprehensive income and accumulated in equity.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Board and the Chief Financial Officer of the Company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Chief Financial Officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the findings to the Directors every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments and leasehold land and building and investment property. Note 19 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

5. CAPITAL RISK MANAGEMENT

The Group manage the capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders of the Company ("Shareholders") through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in Note 30 offset by cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, property revaluation reserve and accumulated losses.

The Directors review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through payment of dividend, issuance of new shares as well as the raising of new debts or the repayment of existing debts. The Group also ensures that it maintains net worth and capital-assets ratio within a set range to comply with the loan covenant imposed by the banks.

The Group's overall strategy remains unchanged from prior year.

6. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Available-for-sale investment	**79**	79	**–**	–
FVTPL:				
Held-for-trading investments	**–**	444	**–**	–
Loans and receivables (including bank balances and cash)	**18,660**	18,097	**28,765**	31,120
Financial liability				
Amortised cost	**24,490**	36,180	**–**	–

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include trade receivables, other receivables, deposits, interest-free loan to Santarli Realty Pte. Ltd. ("Santarli Realty"), amount due from a joint venture, held-for-trading investment, available-for-sale investment, pledged/restricted bank deposits, bank balances and cash and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with the Group's financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Foreign exchange risk

The Group's operations are mainly conducted in US$, the functional currency of relevant group companies, and the operating expenses incurred are mainly denominated in United States dollars, with a small extent in New Taiwan dollars ("NTD"), Hong Kong dollars, Singapore dollars and Renminbi. All revenues are invoiced in United States dollars. To the extent that the Group's sales and purchases are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, the Group will be exposed to foreign currency exchange gains and losses arising from transactions in currencies other than its functional currency. As a result, the Group's results may be affected. Held-for-trading investments and certain bank balances which are mainly denominated in NTD and Renminbi as disclosed in Notes 26, 27 and 28, respectively are insignificant to the Group.

As the Group does not have significant foreign currency transactions and balances, foreign currency sensitivity analysis is not presented.

The Company's operations are mainly in US$. In both years, the Company has no significant exposure to currency risk.

6. FINANCIAL INSTRUMENTS (cont'd)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk primarily relating to pledged/restricted bank deposits, certain bank balances and borrowings at the end of the reporting period which carry or link to variable interest rates, as disclosed in Notes 27, 28 and 30, respectively. The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest rate risk. However, the management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liability are detailed in the liquidity risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of London Interbank Offered Rates ("LIBOR") arising from the Group's variable-rate borrowings.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments relating to variable-rate borrowings as at 31 December 2014 and 2015. The Directors consider that the changes in interest rates of pledged/restricted bank deposits and bank balances have no significant impact on the Group and the sensitivity analysis of interest rate risk of such balances is not presented. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole reporting year. A 100 basis points increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held, the Group's loss for the year ended 31 December 2015 would increase/decrease by US$245,000 (2014: US$362,000).

(iii) Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position and the amount of contingent liabilities in relation to the financial guarantee provided by the Group as disclosed in Note 35.

As the Group has a policy of requesting certain customers to prepay the charter-hire income in full before discharging for voyage charter and prepay the charter-hire income for time charter, the balance of trade receivables at the end of the reporting period are normally low. The Directors generally grant credit only to customers with good credit ratings and also closely monitors overdue trade debts. The unsettled trade receivables are monitored on an ongoing basis and followed up by the finance department. The Directors review the recoverable amount of each individual receivable regularly to ensure that follow up actions are taken to recover overdue debts and adequate impairment losses, if any, are recognised for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group's credit risk is primarily attributable to the loan to Santarli Realty, the subsidiary of Santarli Corp as disclosed in Note 22. The Directors consider the credit risk over the interest-free loan to Santarli Realty is low because Santarli Holdings Pte Ltd., the holding company of Santarli Realty, has provided corporate guarantee to the Group and Santarli Holdings Pte Ltd. is engaged in property development, construction and civil engineering work in Singapore and Malaysia while Santarli Realty is engaged in property development in Singapore and both have good reputation in the industry and has a long-established trading relationship with the Group.

The Directors consider that the credit risk on liquid funds is low as counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENTS (cont'd)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Credit risk (cont'd)

At Company's level, amounts due from subsidiaries mainly represented dividend receivables from subsidiaries. Due to the continuous loss of the subsidiaries in recent years, certain amounts due from subsidiaries may not be recoverable. During the year ended 31 December 2015, impairment losses on amounts due from subsidiaries of US$13,419,000 (2014: US$21,312,000) have been made. In respect of the concentration of credit risk over the amounts due from subsidiaries, the management will closely monitor the financial positions of the subsidiaries, and will consider to provide further impairment if necessary.

As disclosed in Note 35, the Company provided corporate guarantee to subsidiaries to obtain loan facilities from third parties. The loans are secured by vessels of the Group that the Directors considered that the credit risk of the Company is minimal.

(iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liability. The table has been drawn up based on the undiscounted cash flows of financial liability, based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are based on floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

THE GROUP

	Weighted average interest rate	On demand or 6 months or less	6 to12 months	1 to 2 years	2 to 5 years	> 5 years	Total undiscounted cash flows	Carrying amounts
	%	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 31 December 2015								
Borrowings	**3.26-4.04**	**1,758**	**1,735**	**3,400**	**14,369**	**6,170**	**27,432**	**24,490**
Financial guarantee contract	**–**	**9,341**	**–**	**–**	**–**	**–**	**9,341**	**–**
At 31 December 2014								
Borrowings	2.99-4.03	2,593	2,561	5,121	23,013	7,550	40,838	36,180
Financial guarantee contract	–	9,252	–	–	–	–	9,252	–

The amounts included above for variable interest rate instruments for non-derivative financial liability is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6. FINANCIAL INSTRUMENTS (cont'd)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Liquidity risk (cont'd)

THE COMPANY

	Weighted average interest rate	On demand or 6 months or less	6 to12 months	1 to 2 years	2 to 5 years	> 5 years	Total undiscounted cash flows	Carrying amounts
	%	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 31 December 2015								
Financial guarantee contract	**–**	**34,580**	**–**	**–**	**–**	**–**	**34,580**	**–**
At 31 December 2014								
Financial guarantee contract	–	56,180	–	–	–	–	56,180	–

The amounts included above for financial guarantee contract are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

(v) Fair values

The fair values of financial assets and financial liability are determined as follows:

- The fair values of held-for-trading investments traded on active liquid markets are determined with reference to quoted market bid prices; and

- The fair values of other financial assets and financial liability are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liability recorded at amortised cost at the end of each reporting period approximate their fair values.

6. FINANCIAL INSTRUMENTS (cont'd)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(v) Fair values (cont'd)

Fair value of the Group's financial asset that is measured at fair value on a recurring basis

Some of the Group's financial asset is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial asset is determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial asset	Fair value as at 31 December 2015	Fair value as at 31 December 2014	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Held-for-trading investments	Nil	Listed equity securities in Republic of China: – Shipping industry – US$444,000	Level 1	Quoted bid prices in an active market	N/A	N/A

7. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on provision of marine transportation service. The Executive Directors monitor the revenue of marine transportation service based on the voyage charter and time charter service income of dry bulk carriers of different sizes and their utilisation rates for the purpose of making decisions about resource allocation and performance assessment. However, other than revenue analysis, no operating results and other discrete financial information is available for the resource allocation and performance assessment. The results of ship management service activities are insignificant to the Group and were not regularly reviewed by the chief operating decision maker (i.e. the Executive Directors).

The Directors reviews the loss for the year of the Group prepared in accordance with accounting policies set out in Note 3 as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the Directors.

The revenue of the dry bulk carriers of different sizes is analysed as follows:

For the year ended 31 December 2015

	Voyage charter US$'000	**Time charter US$'000**	**Total US$'000**
Dry bulk carriers			
– Supermax	**6,116**	**–**	**6,116**
– Panamax	**527**	**–**	**527**
	6,643	**–**	**6,643**

For the year ended 31 December 2014

	Voyage charter US$'000	Time charter US$'000	Total US$'000
Dry bulk carriers			
– Capesize	3,039	–	3,039
– Supermax	9,752	187	9,939
– Panamax	3,557	–	3,557
	16,348	187	16,535

Due to the nature of the provision of vessel chartering services, which are carried out internationally, the Directors consider that it is not meaningful to provide geographical financial information concerning revenue and location of non-current assets of the Group. Accordingly, financial information about geographical areas is not presented.

7. SEGMENT INFORMATION (cont'd)

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue arising from the provision of vessel chartering services from customers individually contributing over 10% of the total sales of the Group are as follows:

	2015 US$'000	2014 US$'000
Customer A	–	3,742
Customer B	–	1,886
Customer C	2,288	–
Customer D	1,445	–
	3,733	5,628

8. REVENUE

	2015 US$'000	2014 US$'000
Marine transportation services income:		
– Vessel voyage charter	6,643	16,348
– Time charter	–	187
	6,643	16,535

9. OTHER INCOME

	2015 US$'000	2014 US$'000
Dividend income from listed investments	20	20
Rental income	–	14
Interest income from banks	67	62
Imputed interest income on long-term receivable (Note 22 (i))	246	237
Sundry income	131	8
	464	341

10. OTHER GAINS AND LOSSES

	2015 US$'000	2014 US$'000
(Loss) gain on disposal of property, plant and equipment	(5,335)	1,475
Change in fair value of held-for-trading investments	70	(6)
Change in fair value of investment property	–	15
Net foreign exchange loss	(568)	(47)
	(5,833)	1,437

11. OTHER EXPENSES

	2015 US$'000	2014 US$'000
Impairment loss on deposits paid (Note 22(ii))	1,685	476
Impairment loss on other receivables	26	98
Impairment loss on trade receivables	146	–
Discount effect on long-term loan advanced to Santarli Realty (Note 22(i))	–	246
Property, plant and equipment written off	13	–
	1,870	820

12. FINANCE COSTS

	2015 US$'000	2014 US$'000
Interest expenses from borrowings	1,008	1,319
Other finance costs	83	44
	1,091	1,363

13. INCOME TAX EXPENSE

	2015	2014
	US$'000	US$'000
Current tax:		
Enterprise income tax of the People's Republic of China ("PRC")	**2**	10

Enterprise income tax of the PRC is calculated at 25% of the assessable profit of a representative office in Shanghai, PRC for both years.

In the opinion of the Directors, there is no taxation arising in other jurisdictions.

Details of deferred tax are set out in Note 33.

Income tax expense for the year can be reconciled to loss before tax per the Group's results as follows:

	2015	2014
	US$'000	US$'000
Loss before tax	**(36,841)**	(9,714)
Tax at the applicable income tax rate of 16.5% (Note)	**(6,079)**	(1,603)
Tax effect of offshore income not taxable for tax purpose	**(1,735)**	(1,977)
Tax effect of expenses not deductible for tax purpose	**7,717**	3,025
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1**	2
Tax losses not recognised	**110**	545
Others	**(12)**	18
Income tax expense for the year	**2**	10

Note: The Hong Kong Profits Tax rate is used for the tax reconciliation as the Group is considered to be principally managed in Hong Kong.

14. LOSS FOR THE YEAR

Loss for the year has been arrived after charging:

	2015 US$'000	2014 US$'000
Auditor's remuneration:		
– paid to auditors of the Company	285	313
Non audit assurance services fees:		
– paid to other auditors	2	27
Employee benefits expense (including Directors' emoluments):		
– Contributions to retirement benefits scheme	32	34
– Salaries and other benefits	814	1,621
Total employee benefits expense	846	1,655
Marine crew expenses	2,257	2,723
Fuel expenses	4,066	9,703
Depreciation of property, plant and equipment	1,945	2,289

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of twelve (2014: eleven) Directors, which include the chief executive, were as follows:

2015

	Director's fees US$'000	Basic salaries and allowance US$'000	Discretionary bonus US$'000	Contributions to retirement benefits scheme US$'000	Total US$'000
Executive Directors					
Mr. Wu Chao-Huan (resigned on 14 October 2015)	–	113	126	–	239
Mr. Wu Jian	30	72	31	2	135
Mr. Sue Ka Lok (appointed on 14 October 2015)	–	14	–	–	14
Mr. Lai Ming Wai (appointed on 14 October 2015)	–	11	–	–	11
Ms. Chan Yuk Yee (appointed on 30 October 2015)	–	8	–	–	8
	30	218	157	2	407
Non-executive Directors					
Mr. Hsu Chih-Chien (resigned on 14 October 2015)	–	–	–	–	–
Mr. Tsoi Wai Kwong (resigned on 25 January 2016)	30	–	–	–	30
	30	–	–	–	30
Independent Non-executive Directors					
Mr. Chu Wen Yuan (resigned on 14 October 2015)	34	–	–	–	34
Mr. Ngiam Zee Moey	35	–	–	–	35
Mr. Foo Meng Kee	35	–	–	–	35
Mr. Zhou Qijin (appointed on 14 October 2015)	3	–	–	–	3
Mr. To Yan Ming, Edmond (appointed on 30 October 2015)	3	–	–	–	3
	110	–	–	–	110
Total	170	218	157	2	547

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (cont'd)

2014

	Director's fees US$'000	Basic salaries and allowance US$'000	Discretionary bonus US$'000	Contributions to retirement benefits scheme US$'000	Total US$'000
Executive Directors					
Mr. Wu Chao-Huan	20	130	30	–	180
Mr. Wu Jian (appointed on 29 April 2014)	20	60	–	–	80
	40	190	30	–	260
Non-executive Directors					
Mr. Sun Hsien-Long (retired on 29 April 2014)	3	–	5	–	8
Mr. Hsu Chih-Chien	8	–	42	–	50
Mr. Chang Shun-Chi (retired on 29 April 2014)	3	–	5	–	8
Mr. Tsoi Wai Kwong (appointed on 29 April 2014)	20	–	–	–	20
	34	–	52	–	86
Independent Non-executive Directors					
Mr. Chu Wen Yuan	38	–	–	–	38
Mr. Lui Chun Kin Gary (resigned on 25 February 2014)	8	–	–	–	8
Mr. Sin Boon Ann (resigned on 25 February 2014)	9	–	–	–	9
Mr. Ngiam Zee Moey (appointed on 29 April 2014)	25	–	–	–	25
Mr. Foo Meng Kee (appointed on 29 April 2014)	25	–	–	–	25
	105	–	–	–	105
Total	179	190	82	–	451

Mr. Wu Chao-Huan was also the Chief Executive of the Company prior to his resignation on 14 October 2015 and his emoluments disclosed above include those for services rendered by him as the Chief Executive. On 14 October 2015, Mr. Lai Ming Wai was appointed as the Executive Director and the Chief Executive of the Company and his emoluments disclosed above include those services rendered by him as the Chief Executive.

The discretionary bonus is determined based on evaluation of each individual's performance annually, which is approved by the Remuneration Committee of the Company.

16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2014: three) were Directors and the Chief Executive of the Company whose emoluments are included Note 15 above. The emoluments of the remaining two (2014: two) individuals were as follows:

	2015 US$'000	2014 US$'000
Salaries and allowance	389	228
Contributions to retirement benefits scheme	4	2
	393	230

The emoluments of the two (2014: two) highest paid individuals (other than the Directors) were within the following bands:

	Number of employees	
	2015	2014
Nil to HK$1,000,000	2	2

No emoluments was paid by the Group to any of the Directors and the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

17. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2015 US$'000	2014 US$'000
Loss		
Loss for the year attributable to owners of the Company	(36,843)	(9,724)

	2015 '000	2014 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares in issue during the year	107,217	105,883

Note: Weighted average number of ordinary shares in issue and basic loss per share were stated after taking into account the effect of the share consolidation that took place on 7 May 2015 and the placing of new shares completed on 8 December 2015. Comparative figure has also been restated on the assumption that the share consolidation had been effective in the year ended 31 December 2014.

No diluted loss per share were presented for both years as there were no potential ordinary shares outstanding during the years ended 31 December 2015 and 2014.

18. DIVIDEND

No dividend was paid, declared or proposed, nor has any dividend been proposed by the Directors for the year since the end of reporting period.

19. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Vessels US$'000	Dry-docking US$'000	Furniture, fixtures and equipment US$'000	Leasehold improvement US$'000	Leasehold land and building US$'000	Total US$'000
COST OR VALUATION						
At 1 January 2014	67,350	938	169	272	4,877	73,606
Additions	8,600	326	9	–	–	8,935
Disposal	(6,650)	(335)	(1)	–	–	(6,986)
Transferred from investment properties	–	–	–	–	929	929
Surplus on revaluation	–	–	–	–	733	733
At 31 December 2014	69,300	929	177	272	6,539	77,217
Additions	–	140	6	–	–	146
Disposal/written off	(16,100)	(807)	(118)	(121)	–	(17,146)
Surplus on revaluation	–	–	–	–	391	391
At 31 December 2015	**53,200**	**262**	**65**	**151**	**6,930**	**60,608**
Comprising						
At cost	53,200	262	65	151	–	53,678
At valuation 2015	–	–	–	–	6,930	6,930
	53,200	262	65	151	6,930	60,608
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2014	3,036	85	137	228	–	3,486
Depreciation	1,841	305	15	26	102	2,289
Impairment loss recognised in profit or loss	2,900	–	–	–	–	2,900
Disposal	–	(66)	(1)	–	–	(67)
Eliminated on revaluation	–	–	–	–	(102)	(102)
At 31 December 2014	7,777	324	151	254	–	8,506
Depreciation	1,502	280	12	18	133	1,945
Impairment loss recognised in profit or loss	20,651	–	–	–	–	20,651
Disposal/written off	(2,530)	(491)	(105)	(121)	–	(3,247)
Eliminated on revaluation	–	–	–	–	(133)	(133)
At 31 December 2015	**27,400**	**113**	**58**	**151**	**–**	**27,722**
CARRYING VALUES						
At 31 December 2015	**25,800**	**149**	**7**	**–**	**6,930**	**32,886**
At 31 December 2014	61,523	605	26	18	6,539	68,711

19. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The allocation of leasehold land and building elements cannot be made reliably, hence the leasehold interests in land is accounted for as property, plant and equipment.

The Group's leasehold land and buildings are situated in Hong Kong on land held under medium term lease.

The details of the pledge of property, plant and equipment are set out in Note 36.

During the year, the Group continued to experience unfavourable market conditions as demonstrated by the decrease in second-hand price of vessels and the decrease in Baltic Dry Index in 2015 as compared to that of 2014, which led to the significant decrease in revenue of the vessels of the Group. In light of these considerations, the Directors conducted a review of the Group's vessels. In 2015, the Group determines the recoverable amounts of the vessels to be the fair value less cost to sell. The fair value less cost to sell was determined based on direct comparison approach by making reference to the recent transactions of similar vessels with similar ages and conditions (Level 2 hierarchy). In estimating the fair value of the properties, the highest and best use of the properties was their current use. There were no transfers into or out of Level 2 during both years. Since the recoverable amounts of the vessels is lower than their carrying amounts, impairment loss of US$20,651,000 (2014: US$2,900,000) has been recognised in the profit or loss in current year.

The fair value of the Group's leasehold land and buildings as at 31 December 2015 has been arrived at on the basis of a valuation carried out on that date by JP Assets Consultancy Limited (2014: RHL Appraisal Limited). Both are firms of qualified professional valuers not connected to the Group. The directors of JP Assets Consultancy Limited and RHL Appraisal Limited who carried out the valuation are registered professional surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties. The valuation was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. A surplus of US$456,000 (2014: surplus of US$782,000) arising on revaluation has been recognised in other comprehensive income and accumulated in equity.

Details of the Group's leasehold land and buildings and information about the fair value hierarchy as at 31 December 2015 and 2014 are as follows:

	Level 1	**Level 2**	**Level 3**	**Fair value as at 31.12.2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Leasehold land and buildings located in Hong Kong	**–**	**6,930**	**–**	**6,930**

	Level 1	Level 2	Level 3	Fair value as at 31.12.2014
	US$'000	US$'000	US$'000	US$'000
Leasehold land and buildings located in Hong Kong	–	6,539	–	6,539

19. PROPERTY, PLANT AND EQUIPMENT (cont'd)

There were no transfers into or out of Level 2 during both years.

The fair value was determined based on direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing conditions. In estimating the fair value of the properties, the highest and best use of the properties was their current use.

Had the leasehold land and buildings been carried at cost less accumulated depreciation, their carrying amounts would have been US$4,335,000 (2014: US$4,470,000).

20. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2015	2014
	US$'000	US$'000
Unquoted equity shares, at cost	**22,918**	22,236
Less: impairment loss	**(22,918)**	(14,213)
	–	8,023

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

The amounts due from subsidiaries are unsecured, interest-free and not expected to be repaid within one year. The imputed interest income on the amounts due from subsidiaries of US$1,773,000 (2014: US$2,189,000) is recognised for the year. No guarantees have been given or received.

During the year, the Directors reviewed the carrying values of the interests in subsidiaries and the amounts due from subsidiaries. The recoverable amounts of these investments and the amounts due are determined with reference to the Directors' estimate of discounted future cash flows of these investments as at the end of reporting period. Accordingly, an impairment loss on interests in subsidiaries and amounts due from subsidiaries amounting to US$8,705,000 (2014: US$14,213,000) and US$13,419,000 (2014: US$21,312,000) were recognised in the profit or loss during the year.

20. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES (cont'd)

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries	Place of incorporation/ establishment	Class of shares/ registered capital held	Proportion of nominal value of issued share/ registered capital held by the Company 2015 %	2014 %	Principal activities
Held by the Company					
Courage Marine Holdings (BVI) Limited ("Courage Marine BVI")	The British Virgin Islands ("BVI")	Ordinary	**100**	100	Investment holding
Peak Prospect Global Limited	BVI	Ordinary	**100 (Note iv)**	N/A	Investment holding
Held by Peak Prospect Global Limited					
CMG Management Limited	Hong Kong	Ordinary	**100 (Note iv)**	N/A	Provision of management and consulting services
Held by Courage Marine BVI					
Courage Marine (Holdings) Co. Limited ("Courage Marine Holdings")	Hong Kong	Ordinary	**100**	100	Investment holding
Held by Courage Marine Holdings					
Bravery Marine Holding Inc.	Republic of Panama	Ordinary	**100**	100	Inactive
Courage Marine Co. Ltd.	BVI	Ordinary	**100**	100	Provision of marine transportation services
Courage Marine (HK) Company Limited ("Courage Marine HK")	Hong Kong	Ordinary	**100**	100	Provision of administration services to group companies
Heroic Marine Corp.	Republic of Panama	Ordinary	**100**	100	Provision of marine transportation services
Courage Maritime Technical Service Corp.	Republic of Panama	Ordinary	**– (Note iii)**	100	Provision of technical management services to Group companies
Courage Marine Overseas Limited ("CM Overseas")	BVI	Ordinary	**100**	100	Provision of property development business
Courage-New Amego Shipping Corp. ("Courage-New Amego")	Republic of Panama	Ordinary	**– (Note iii)**	100	Provision of marketing and operating services to Group companies

20. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES (cont'd)

Name of subsidiaries	Place of incorporation/ establishment	Class of shares/ registered capital held	Proportion of nominal value of issued share/ registered capital held by the Company 2015 %	2014 %	Principal activities
Held by Courage Marine Holdings (cont'd)					
Midas Shipping Navigation Corp.	Republic of Panama	Ordinary	**100**	100	Provision of operating services to Group companies
New Hope Marine, S.A.	Republic of Panama	Ordinary	**100**	100	Inactive
Panamax Mars Marine Co. Ltd.	BVI	Ordinary	**100**	100	Inactive
Sea Pioneer Marine Corp.	Republic of Panama	Ordinary	**100**	100	Provision of marine transportation services
Sea Valour Marine Corp.	Republic of Panama	Ordinary	**100**	100	Inactive
Raffles Marine Corp.	Republic of Panama	Ordinary	**100**	100	Inactive
Zorina Navigation Corp.	Republic of Panama	Ordinary	**100**	100	Provision of marine transportation services
Courage Energy Resources Limited	BVI	Ordinary	**100**	100	Provision of trading of coal
Cape Ore Marine Corp.	Republic of Panama	Ordinary	**100**	100	Inactive
Belcastro Pte. Ltd. ("Belcastro")	Singapore	Ordinary	**100**	100	Inactive
Panamax Leader Marine Corp.	Republic of Panama	Ordinary	**100**	100	Inactive

20. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES (cont'd)

Name of subsidiaries	Place of incorporation/ establishment	Class of shares/ registered capital held	Proportion of nominal value of issued share/ registered capital held by the Company 2015 %	2014 %	Principal activities
Held by Courage-New Amego					
Courage – New Amego Shipping Agency Co. Ltd.	Republic of China	Ordinary	**– (Note iii)**	100	Provision of ship agency services
Harmony Century Group Limited ("Harmony") (Note i)	BVI	Ordinary	**– (Note iii)**	41.7	Inactive
Held by Courage Marine HK					
Courage Marine Property Investment Limited	Hong Kong	Ordinary	**100**	100	Property holding
Jade Management and Consultant (Shanghai) Co. Ltd. ("Jade") (Note ii)	PRC	Registered	**100**	100	Provision of management and consulting services
Held by Jade					
上海吉進企業管理諮詢有限公司 (Note ii)	PRC	Registered	**100**	100	Provision of management and consulting services
Held by Belcastro					
PT Courage Tech-Logi Indonesia	Indonesia	Ordinary	**100**	100	Inactive

20. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES (cont'd)

Name of subsidiaries	Place of incorporation/ establishment	Class of shares/ registered capital held	Proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
			%	%	
Held by CM Overseas					
Diamond Plus Limited	BVI	Ordinary	**100**	100	Property investment
Triple Diamond Limited	BVI	Ordinary	**100**	100	Property investment
Target Win Limited	BVI	Ordinary	**100**	100	Property investment
Held by Courage Energy Resources Limited (2014: held by Courage New-Amego)					
Airline Investment Corp.	Republic of Panama	Ordinary	**100**	100	Inactive

Notes:

(i) Harmony was considered as the subsidiary of the Company as the Group has effective control of voting power of the board of directors of Harmony.

(ii) Jade is a wholly foreign owned enterprises established in the PRC.

(iii) The Group's interests in Courage Maritime Technical Service Corp., Courage-New Amego, Courage-New Amego Shipping Agency Co. Ltd and Harmony were disposed to Mr. Liu Lai-Chun, a third party independent of the Company and its connected person (as defined in Hong Kong Listing Rules) on 3 December 2015, at an aggregate consideration of US$29,000. The disposed subsidiaries had insignificant contributions to the Group's revenue, loss and cash flows for the year ended 31 December 2015.

(iv) These companies are incorporated during the year ended 31 December 2015.

(v) All the above subsidiaries operate in the PRC, Singapore, Republic of China and Hong Kong.

None of the subsidiaries had issued any debt securities at the end of the year.

21. INTEREST IN A JOINT VENTURE

	THE GROUP	
	2015	2014
	US$'000	US$'000
Cost of unlisted investment in a joint venture	**5,330**	5,330

Name of entity	Place of establishment/ operation	Class of capital held	Proportion of nominal value of issued registered capital held by the Group		Principal activity
			2015	2014	
			%	%	
上海悦勇投資管理公司	PRC	Registered capital	**41.7**	41.7	Property investment

The summarised financial information in respect of the the Group's interest in the joint venture which is accounted for using the equity method is set out below:

	2015	2014
	US$'000	US$'000
Current assets	**160**	549
Non-current assets	**14,122**	14,437
Current liabilities	**(1,251)**	(1,627)
Non-current liabilities	**–**	–

The above amounts of assets and liabilities include the following:

	2015	2014
	US$'000	US$'000
Cash and cash equivalents	**18**	20
Current financial liabilities (excluding trade and other payables and provisions)	**(1,251)**	(1,627)
Revenue	**–**	–
Profit and total comprehensive income for the year	**273**	790

21. INTEREST IN A JOINT VENTURE (cont'd)

The above profit for the year include the following:

	2015 US$'000	2014 US$'000
Interest expense	(25)	(57)
Income tax expense	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2015 US$'000	2014 US$'000
Net assets of the joint venture	13,031	13,359
Proportion of the Group's ownership interest in the joint venture	5,434	5,571
Others	(104)	(241)
Carrying amount of the Group's interest in the joint venture	5,330	5,330

22. OTHER RECEIVABLES AND PREPAYMENTS/LONG-TERM RECEIVABLES AND DEPOSITS

Details of other receivables and prepayments/long-term receivables and deposits are as follows:

		THE GROUP		THE COMPANY	
	NOTES	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Interest-free loan to Santarli Realty	(i)	3,812	4,048	–	–
Other receivables		38	59	35	28
Prepayments		255	1,379	–	–
Deposit for acquisition of property, plant and equipment and investment properties		1,816	1,281	–	–
Other deposits	(ii)	37	1,722	–	–
		5,958	8,489	35	28
Less: Non-current portion		(1,816)	(5,329)	–	–
Amounts due within one year shown under current assets		4,142	3,160	35	28

22. OTHER RECEIVABLES AND PREPAYMENTS/LONG-TERM RECEIVABLES AND DEPOSITS (cont'd)

Notes:

(i) On 14 September 2012, CM Overseas, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Santarli Corp, an independent third party, to purchase from Santarli Corp 100,000 shares in Santarli Realty, (which constitutes 10% of the issued share capital of Santarli Realty) at a cash consideration of S$100,000 and shareholder's loans of not exceeding the principal amount of S$5,400,000 (collectively referred to as the "Consideration"). Santarli Realty is a subsidiary of Santarli Corp and is engaged in property development business in Singapore. As at 31 December 2015 and 2014, CM Overseas has advanced an interest-free loan amounting to S$5,500,000 (equivalent to US$3,850,000) to Santarli Corp and this interest-free loan will be used to offset the Consideration. On 14 September 2012, Santarli Holdings Pte Ltd., the holding company of Santarli Corp has executed a guarantee in favour of CM Overseas of all the liabilities due by Santarli Corp to CM Overseas.

The acquisition was approved by the independent Shareholders in the special general meeting held on 16 July 2013 and was completed on that day accordingly.

Concurrent with the completion of the acquisition by CM Overseas of a 10% shareholding interest in Santarli Realty from Santarli Corp on 16 July 2013 (following approval of the same by the independent Shareholders), CM Overseas acquired from Santarli Corp, an interest-free shareholders' loan of S$5,400,000 granted by Santarli Corp to Santarli Realty, where the Consideration for both acquisitions was satisfied by offsetting against an interest-free loan of S$5,500,000 previously advanced by CM Overseas to Santarli Corp.

The interest free loan to Santarli Realty is expected by the Group to be repaid within twelve months from the end of the reporting period, the balance is classified as current receivable. Imputed interest income on the long-term receivable of US$246,000 (2014: US$237,000) is recognised in profit or loss for the year ended 31 December 2015.

(ii) The Group has paid a total of US$2,646,000 to a third party supplier for the purchase of coals in Indonesia in prior years and subsequently, the Group has agreed with the supplier to cancel the purchase transaction and requested the supplier to refund the coal deposit. At the end of the reporting period, an accumulated amount of US$318,000 has been refunded by the supplier and the outstanding balance due from the supplier is US$2,328,000. Due to the continuous drop of the coal price in recent years, impairment loss of US$643,000 had been recognised up to 31 December 2014. Although the Group has requested the supplier to refund all the coal deposits, the supplier still failed to do so up to the date of this report and the current financial capability of the supplier is in doubt. The Directors considered that the carrying amount of coal deposit of US$1,685,000 should be fully impaired during the year ended 31 December 2015.

The Group's other receivables are mainly denominated in the United States dollars which are also the functional currency of the respective entities in the Group.

23. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	THE GROUP	
	2015	2014
	US$'000	US$'000
Unlisted investment, at cost: Equity securities (Note)	**79**	79
Analysed for reporting purposes as: Non-current assets	**79**	79

Note: The Group holds 10% (2014: 10%) of the ordinary share capital of Santarli Realty, a company involved in property development business in Singapore. The Directors do not believe that the Group is able to exercise significant influence over Santarli Realty as the Group does not have any board seat in Santarli Realty.

24. TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks (31 December 2014: 2 weeks) after the receipt of invoices while other customers are requested to prepay the charter-hire income in full before discharging for voyage charter. Customers of time charter are requested to prepay the charter-hire income for time charter. An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	THE GROUP	
	2015	2014
	US$'000	US$'000
0 to 30 days	**–**	156

Movements in the allowance for doubtful debts

	2015	2014
	US$'000	US$'000
Balance at the beginning of the year	**–**	–
Impairment loss on trade receivables	**146**	–
Balance at the end of the year	**146**	–

There are no trade receivables (2014: US$156,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss.

24. TRADE RECEIVABLES (cont'd)

Aging of trade receivables which are past due but not impaired:

	THE GROUP	
	2015	2014
	US$'000	US$'000
0 to 30 days	–	156

The Group had not provided for the trade receivables which are past due but not impaired in prior year because the management considered that those receivables were recoverable based on the good settlement track record of the customers. No interest was charged on the outstanding trade receivables. The Group did not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period and considers to make impairment losses for irrecoverable amount, if necessary.

The Group's trade receivables are mainly denominated in the United States dollars which are also the functional currency of the respective entities in the Group.

25. AMOUNT DUE FROM A JOINT VENTURE

The amount is unsecured, interest-free and repayable on demand.

26. HELD-FOR-TRADING INVESTMENTS

	THE GROUP	
	2015	2014
	US$'000	US$'000
Listed securities:		
– Equity securities listed in Republic of China	–	444

The investments above included investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gain. They had no fixed maturity or coupon rate. The fair values of these securities were based on closing quoted market bid prices on the last trading day of the financial year. During the year ended 31 December 2015, the Group disposed all of the held-for-trading investments.

The held-for-trading investments were denominated in NTD.

27. PLEDGED/RESTRICTED BANK DEPOSITS

As at 31 December 2014, the Group had placed a fixed deposit of US$2,037,000 in the Industrial and Commercial Bank of China (Asia) Limited ("ICBC") with a term of one year, to secure against the ICBC short-term banking facilities of US$2,100,000 available to the Group. The fixed deposit was carried at prevailing market deposit rate of 0.60% per annum. The Group had not drawn down the banking facilities at the end of the reporting period.

As at 31 December 2014, the Group had placed a fixed deposit of US$250,000 in PT Bank Negara Indonesia, to secure against short-time banking facilities of US$2,500,000 available to the Group. The fixed deposit was carried at prevailing market deposit rate of 0.05% per annum. The Group had not drawn down the banking facilities at the end of the reporting period.

As detailed in note 30, the Group will provide additional cash deposit or early repay the outstanding loan balance amounted to US$3,697,000 in order to maintain the security coverage ratio as stipulated in the relevant borrowing agreements and such amount is considered to be restricted for the additional deposit or early repayment of borrowings as at 31 December 2015.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group comprise bank balances and cash held by the Group of approximately US$3,955,000 (2014: US$6,770,000) and short-term fixed bank deposits of approximately US$6,452,000 (2014: US$2,113,000) with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits of the Group carry interest at prevailing market deposit rates which range from 0.21% to 0.52% (2014: 0.05% to 0.88%) per annum and for a remaining tenure of approximately 81 days (2014: 152 days).

The Group's bank balances and cash that are not denominated in the functional currencies of the respective entities in the Group are as follows:

	THE GROUP		**THE COMPANY**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong dollars	**6,964**	92	**7,408**	–
NTD	**50**	264	**–**	–
Singapore dollars	**29**	12	**28**	–
Renminbi	**63**	92	**–**	–

29. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Accrued vessel related expenses	**455**	1,355	**–**	–
Accrued staff related expenses	**725**	468	**234**	410
Other accrued operating expenses	**453**	370	**443**	450
	1,633	2,193	**677**	860

The Group's and the Company's other payables and accruals are mainly denominated in the United States dollars which are also the functional currency of the respective entities in the Group.

30. BORROWINGS

	THE GROUP	
	2015	2014
	US$'000	US$'000
Secured bank loans	**24,490**	36,180
Carrying amount repayable:		
Within one year	**2,691**	4,024
More than one year, but not exceeding two years	**2,691**	4,024
More than two years, but not exceeding five years	**13,176**	21,054
More than five years	**5,932**	7,078
	24,490	36,180
Less: Amounts due within one year shown under current liabilities	**(2,691)**	(4,024)
Amounts shown under non-current liabilities	**21,799**	32,156
Effective interest rate (%) per annum	**3.26-4.04**	2.99-4.03

The carrying amounts of borrowings approximate to their fair value.

The Group's borrowings are mainly denominated in the United States dollars which are also the functional currency of the respective entities in the Group.

During the current year, there was no new loan obtained and the Group repaid bank loans of US$11,690,000. During the year ended 31 December 2014, the Group obtained a new loan amounting to US$10,000,000 and repaid bank loans of US$7,331,000. The bank loans carry interest at LIBOR plus certain basis points and are repayable over a period ranging from 3-9 years (2014: 4-10 years).

30. BORROWINGS (cont'd)

The borrowings as at 31 December 2015 were secured by the followings:

(i) Corporate guarantee from the Company on the outstanding loan balance.

(ii) First preferred mortgage over the vessels held by Zorina Navigation Corp and Heroic Marine Corp. named "ZORINA" AND "HEROIC", respectively; and

(iii) Assignment of insurance proceeds in respect of ZORINA and HEROIC.

The borrowings at 31 December 2014 were secured by the followings:

(i) Corporate guarantee from the Company on the outstanding loan balance;

(ii) First preferred mortgage over the vessels held by Zorina Navigation Corp., Heroic Marine Corp., Sea Pioneer Marine Corp. and Courage Marine Co. Ltd. named "ZORINA", "HEROIC", "CAPE PIONEER" and "COURAGE", respectively; and

(iii) Assignment of insurance proceeds in respect of ZORINA, HEROIC, CAPE PIONEER and COURAGE.

The proceeds arising from the loans were used to finance the acquisition of vessels included in property, plant and equipment.

As at 31 December 2015, the Group failed to maintain the financial covenant in relation to the security coverage ratio as stipulated in the borrowing agreements. The security coverage ratio is equal to the total of the market value of the vessel and the market value of any additional security over the outstanding loan balance. According to the relevant terms of the borrowing agreements, the Group will either provide pledged cash deposit or prepay certain portion of the outstanding loan balance amounting to US$3,697,000 as will enable the security coverage ratio be maintained at the required level. The Group is still under negotiation with the banks and the settlement plan will be finalised in March 2016. The Group has no default for the repayment of the borrowings and the classification of the borrowings were disclosed in accordance with the repayment schedules as stipulated in the borrowing agreements.

31. SHARE CAPITAL

	Number of shares	Amount
	'000	US$'000
Authorised:		
At 1 January 2014 and 31 December 2014		
(US$0.018 per share)	10,000,000	180,000
Share consolidation (Note i)	(9,000,000)	–
At 31 December 2015 (US$0.18 per share)	**1,000,000**	**180,000**
Issued and fully paid:		
At 1 January 2014 and 31 December 2014		
(US$0.018 per share)	1,058,829	19,059
Share consolidation (Note i)	(952,946)	–
Placing of new shares (Note ii)	21,176	3,812
At 31 December 2015 (US$0.18 per share)	**127,059**	**22,871**

31. SHARE CAPITAL (cont'd)

Fully paid ordinary shares, which have a par value of US$0.18 each (31 December 2014: US$0.018 each), carry one vote per share and carry right to dividends as and when declared by the Company.

Notes:

(i) At the special general meeting of the Company held on 29 April 2015, Shareholders approved the share consolidation on the basis that every ten issued and unissued ordinary shares of par value of US$0.018 each to be consolidated into one ordinary share of par value of US$0.18 each effective from 7 May 2015 (fractional entitlements being dirsregarded).

(ii) On 8 December 2015, the Company completed a placement of 21,176,000 ordinary shares under general mandate to certain independent third parties at an issue price of HK$4 each (the "Placing") and recognised an increase in share capital of US$3,812,000 and share premium of US$6,845,000 (after netting off US$355,000 share issue expenses). The Company intends to use the net proceeds from the Placing as general working capital of the Group and/or funding investment opportunities if so arise. These shares rank *pari passu* in all respects with the then existing shares.

32. PROPERTY REVALUATION RESERVE

The property revaluation reserve arises on the revaluation of leasehold land and building. When revalued land and building is sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained profits.

33. DEFERRED TAXATION

The following are the major deferred tax liabilities (asset) recognised and movements thereon during the year:

	Accelerated tax depreciation	Revaluation of leasehold land and building	Tax losses	Total
	US$'000	US$'000	US$'000	US$'000
At 1 January 2014	5	189	(4)	190
(Credited) charged to profit or loss	(4)	–	4	–
Charged to other comprehensive income	–	121	–	121
At 31 December 2014	1	310	–	311
Charged (credited) to profit or loss	1	–	(1)	–
Charged to other comprehensive income	–	65	–	65
At 31 December 2015	**2**	**375**	**(1)**	**376**

At the end of the reporting period, the Group has unused tax losses of US$8,063,000 (2014: US$4,500,000). A deferred tax asset has been recognised in respect of US$5,000 (2014: nil) of such losses. No deferred tax asset has been recognised in respect of US$8,058,000 (2014: US$4,500,000) due to unpredictability of future profit streams. The losses may be carried forward indefinitely.

34. OPERATING LEASE COMMITMENTS

THE GROUP AS LESSEE

	THE GROUP	
	2015	2014
	US$'000	US$'000
Minimum lease payments paid under operating leases recognised as an expense in the year of rented premises	**124**	136

At the end of the reporting period, the Group had commitments of US$48,000 (2014: US$80,000) for future minimum lease payments under non-cancellable operating leases which fall due within one year (2014: one year).

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term of one year (2014: one to two years) and rentals are fixed for a term of one year (2014: one to two years).

35. CONTINGENT LIABILITIES

As at 31 December 2015, the Group has contingent liabilities under an indemnity provided by CM Overseas (together with the other shareholders of Santarli Realty) to parties affiliated to the major shareholder of Santarli Realty in respect of a joint and several guarantee provided by such parties in favour of the bank providing a loan to Santarli Realty. The liability of parties under the indemnity is several, in proportion to their respective equity holdings in Santarli Realty. The Group's portion of this guarantee was S$12,250,000 (equivalent to US$9,341,000) (31 December 2014: S$12,250,000 (equivalent to US$9,252,000)).

As at 31 December 2015, the Company provided corporate guarantee to subsidiaries to obtain loan facilities amounting to US$39,680,000 (2014: US$56,180,000) from certain financial institutions and third parties and US$24,490,000 (2014: US$36,180,000) of such loan facilities was utilised by the subsidiaries.

The Directors consider that the fair value of the corporate guarantee granted to the subsidiaries as at 31 December 2015 was insignificant.

36. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets to banks and third parties to secure against the loan facilities granted to the Group:

	2015	2014
	US$'000	US$'000
Property, plant and equipment	**25,949**	60,240
Pledged bank deposits	**–**	4,361
	25,949	64,601

37. CAPITAL AND OTHER COMMITMENTS

	2015 US$'000	2014 US$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– addition of dry docking	–	70
– acquisition of investment properties	498	889
– acquisition of property, plant and equipment	574	927
	1,072	1,886

38. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Both the Group and employees contribute a fixed percentage to the Mandatory Provident Fund Scheme based on their monthly salary in accordance with government regulations.

For the operations in Republic of China and the PRC, the employees of the Group are members of state-managed retirement benefits scheme operated by the Taiwan and the PRC government, respectively. The relevant subsidiaries are required to contribute a specific percentage of the payroll costs to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the year ended, the total amounts contributed by the Group to the schemes and cost charged to the profit or loss represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

39. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(A) DURING THE REPORTING PERIOD, THE GROUP HAD THE FOLLOWING TRANSACTIONS WITH RELATED PARTIES THAT ARE NOT MEMBERS OF THE GROUP:

The Group

Related parties	Nature of transactions	Notes	2015 US$'000	2014 US$'000
Maxmart Shipping & Trading Co., Ltd. ("Maxmart")	Commission on disposal of vessels paid	(i)	–	44
周秀曼 ("Ms. Chou")	Rental expense paid	(ii)	–	28
Hwalee Marine Co. Ltd.	Commission paid	(iii)	7	–

39. RELATED PARTY TRANSACTIONS (cont'd)

(A) DURING THE REPORTING PERIOD, THE GROUP HAD THE FOLLOWING TRANSACTIONS WITH RELATED PARTIES THAT ARE NOT MEMBERS OF THE GROUP: (cont'd)

Notes:

(i) Mr. Chang Shun-Chi, who had resigned as a Non-executive Director with effect from the conclusion of the annual general meeting of the Company on 29 April 2014, is a sole director and a controlling shareholder of Maxmart. The related party transactions were conducted in accordance with the terms of an agreement entered into between the Group and Maxmart.

(ii) Ms. Chou is the spouse of Mr. Chang Shun-Chi, a former Non-executive Director. In the opinion of the Directors, the monthly rental was negotiated between Ms. Chou and the Group by reference to the market rent.

At the end of the 31 December 2014, the Group had commitment of US$28,000 for future minimum lease payments under non-cancellable operating leases which fall due within one year.

(iii) Hwalee Marine Co. Ltd is owned and operated by Mr. Hsu Chih-Chien's spouse. Mr. Hsu Chih-Chien resigned as a Non-executive Director with effect from 14 October 2015.

During the period, the Group had paid US$7,000 commission expense to Hwalee Marine Co. Ltd for vessel chartering services.

The above transactions were regarded as connected transactions pursuant to Chapter 14A of the Hong Kong Listing Rules and interested person transactions pursuant to Chapter 9 of the Listing Manual of the SGX-ST.

(B) REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors, who are the key management personnel of the Group, is disclosed in Note 15.

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2016

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	4	0.15	120	0.00
100 - 1,000	1,045	40.05	686,898	0.54
1,001 - 10,000	1,337	51.25	5,081,840	4.00
10,001 - 1,000,000	221	8.47	8,025,920	6.32
1,000,001 AND ABOVE	2	0.08	113,264,150	89.14
TOTAL	**2,609**	**100.00**	**127,058,928**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name	Number of Shares	%
1	HKSCC NOMINEES LIMITED	84,174,128	66.25
2	SUCCESS UNITED DEVELOPMENT LIMITED	29,090,022	22.89
3	ACE HONOR ENTERPRISES LIMITED	251,600	0.20
4	UOB KAY HIAN PRIVATE LIMITED	248,700	0.20
5	NETWORK ARCHITECTS PTE LTD	235,500	0.19
6	TAN LOO LEE	226,700	0.18
7	LIM & TAN SECURITIES PTE LTD	220,000	0.17
8	HO YU JIN CHRISTOPHER	205,000	0.16
9	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	192,200	0.15
10	YANG WEI LYN	184,000	0.14
11	PHILLIP SECURITIES PTE LTD	176,000	0.14
12	FRANCIS LEE FOOK WAH	151,900	0.12
13	CHEANG CHUNG KIT	141,600	0.11
14	DBS NOMINEES (PRIVATE) LIMITED	129,500	0.10
15	GOH AH TEE @ GOH HUI CHUA	115,300	0.09
16	TAN WAI SEE	113,800	0.09
17	SEE YOK HUA @ SEE GIOK TONG	103,600	0.08
18	CHEE KONG CHUEN	100,800	0.08
19	TANG HAIGANG	100,000	0.08
20	OCBC SECURITIES PRIVATE LIMITED	99,500	0.08
	TOTAL	**116,259,850**	**91.50**

SUBSTANTIAL SHAREHOLDERS

As at 10 March 2016 and 31 December 2015

Name	Capacity	Number of issued shares	Approximate percentage of issued shares (%)
Success United Development Limited *(Note)*	Beneficial owner	29,090,022	22.89
Zhou Xunlan	Beneficial owner	8,595,200	6.76

Note:
Success United Development Limited is wholly owned by Brilliant Epic Asia Limited, which in turn is wholly owned by Mr. Suen Cho Hung, Paul.

The Company does not hold any treasury shares.

SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 77.11% of the shareholding of the Company is held in the hands of the public as at 10 March 2016. Accordingly, Rule 723 of the SGX-ST Listing Manual and Rule 8.08 of the Hong Kong Listing Rules have been complied with.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2015	2014	2013	2012	2011
	US$'000	US$'000	US$'000	US$'000	US$'000
RESULTS					
Revenue	**6,643**	16,535	24,963	18,758	21,691
Loss before tax	**(36,841)**	(9,714)	(1,772)	(10,671)	(29,488)
Income tax expense	**(2)**	(10)	(3)	(6)	(26)
Loss for the year attributable to owners of the Company	**(36,843)**	(9,724)	(1,775)	(10,677)	(29,514)
Total comprehensive expense for the year attributable to owners of the Company	**(36,452)**	(9,063)	(1,819)	(10,362)	(28,864)

	At 31 December				
	2015	2014	2013	2012	2011
	US$'000	US$'000	US$'000	US$'000	US$'000
ASSETS AND LIABILITIES					
Total assets	**59,026**	97,006	105,766	104,631	96,921
Total liabilities	**(26,499)**	(38,684)	(38,381)	(36,958)	(18,886)
Equity attributable to owners of the Company	**32,527**	58,322	67,385	67,673	78,035

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Annual General Meeting") of Courage Marine Group Limited (the "Company") will be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 308, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 29 April 2016 at 10:00 a.m. for the following purposes (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as defined in the circular of the Company dated 29 March 2016 of which the notice of this Annual General Meeting forms part):–

ORDINARY BUSINESS

1. To receive, consider and adopt the report of the directors and audited accounts of the Company for the year ended 31 December 2015 and the auditors' report thereon.

2. To re-elect Mr. Sue Ka Lok, who being eligible, offers himself for re-election as an Executive Director of the Company.

3. To re-elect Mr. Lai Ming Wai, who being eligible, offers himself for re-election as an Executive Director of the Company.

4. To re-elect Ms. Chan Yuk Yee, who being eligible, offers herself for re-election as an Executive Director of the Company.

5. To re-elect Mr. Zhou Qijin, who being eligible, offers himself for re-election as an Independent Non-executive Director of the Company.

6. To re-elect Mr. To Yan Ming, Edmond, who being eligible, offers himself for re-election as an Independent Non-executive Director of the Company.

7. To approve the payment of directors' fees of US$170,618 for the year ended 31 December 2015 (FY2014: US$179,148).

8. To approve the payment of directors' fees of US$141,381 for the year ending 31 December 2016.

9. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and to authorise the Board of Directors of the Company to fix their remuneration.

10. To transact any other business of the Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, passing with or without any modifications, the resolution set out below as an ordinary resolution:–

11. Authority to issue shares

    "**THAT** pursuant to the Bye-laws of the Company, the listing rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK") ("Hong Kong Listing Rules"), authority be and is hereby given to the directors of the Company (the "Directors") to:

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

(ii) make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, "Instruments") including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues notwithstanding that this mandate may have ceased to be in force at the time the Instruments are issued; and/or

(iv) issue Shares in pursuance of any Instrument made or granted by the Directors pursuant to (ii) and (iii) above,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding that the authority conferred by this resolution may have ceased to be in force), provided always that, subject to any applicable regulations as may be prescribed by the SGX-ST and the SEHK:

(1) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the issued Shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (the "Shareholders") (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 20% of the issued Shares (as calculated in accordance with sub-paragraph (2) below);

(2) for the purpose of this resolution, the percentage of issued Shares shall be based on the Company's issued share capital at the time this resolution is passed (after adjusting for (a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards that are outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with the Singapore Listing Manual of the SGX-ST; and (b) any subsequent bonus issue, consolidation or subdivision of Shares); and

(3) in exercising the authority conferred by this resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), the Hong Kong Listing Rules for the time being in force (unless such compliance has been waived by SEHK) and the bye-laws for the time being of the Company and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

Singapore and Hong Kong, 29 March 2016

By Order of the Board
Lee Pih Peng
Company Secretary
Singapore

EXPLANATORY NOTES:

Resolution 2 – Mr. Sue Ka Lok was appointed by the Board of Directors during the year and who being eligible, offers himself for re-election pursuant to Bye-Law 85(6) of the Bye-laws of the Company. Upon re-election, Mr. Sue Ka Lok shall remain as an Executive Director, the Chairman of the Board, and a member of the Nomination Committee.

Resolution 3 – Mr. Lai Ming Wai was appointed by the Board of Directors during the year and who being eligible, offers himself for re-election pursuant to Bye-Law 85(6) of the Bye-laws. Upon re-election, Mr. Lai Ming Wai shall remain as an Executive Director and the Chief Executive Officer of the Company.

Resolution 4 – Ms. Chan Yuk Yee was appointed by the Board of Directors during the year and who being eligible, offers herself for re-election pursuant to Bye-Law 85(6) of the Bye-laws. Upon re-election, Ms. Chan Yuk Yee shall remain as an Executive Director.

Resolution 5 – Mr. Zhou Qijin was appointed by the Board of Directors during the year and who being eligible, offers himself for re-election pursuant to Bye-Law 85(6) of the Bye-laws. Upon re-election, Mr. Zhou Qijin shall remain as an Independent Non-executive Director, Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee.

Resolution 6 – Mr. To Yan Ming, Edmond was appointed by the Board of Directors during the year and who being eligible, offers himself for re-election pursuant to Bye-Law 85(6) of the Bye-laws. Upon re-election, Mr. To Yan Ming, Edmond shall remain as an Independent Non-executive Director, a member of the Nomination Committee, the Remuneration Committee and the Audit Committee.

Resolution 7 – the directors' fees payable for the year ended 31 December 2015 includes pro-rated directors' fees payable to former directors of the Company who had resigned during the year, as well as pro-rated directors' fees payable to Directors who were appointed during the year.

Resolution 8 – this resolution, if passed, will allow the Company to pay directors' fees for services rendered by directors during the financial year ending 31 December 2016 (on a quarterly basis in arrear) without having to wait for Shareholders' approval of such fees at the next annual general meeting of the Company, which will only be convened by April 2017. This will give the Company the flexibility to compensate directors on a more timely basis, in recognition of their contributions and efforts in rendering services to the Company.

Resolution 11 – if passed, will empower the Directors to issue further Shares and to make or grant convertible securities convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding 50% of the issued Shares of which the aggregate number of Shares to be issued other than on a pro rata basis to existing Shareholders, does not exceed 20% of the Company's issued Shares. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of Shares shall be based on the issued Shares at the time this resolution is passed, after adjusting for (1) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this resolution is passed; and (2) any subsequent bonus issue, consolidation or sub-division of Shares. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Singapore Proxy Form (for Singapore Shareholders), a HK Proxy Form (for Hong Kong Shareholders) or a Depositor Proxy Form (for Depositors) is enclosed herewith.

2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company and who holds two or more Shares is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes in place of the proxy.

3. A Shareholder in Singapore who wishes to appoint a proxy should complete the attached Singapore Proxy Form. Thereafter, the Singapore Proxy Form must be lodged at the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the Annual General Meeting.

4. A Shareholder in Hong Kong who wishes to appoint a proxy should complete the attached HK Proxy Form. Thereafter, the HK Proxy Form must be lodged at the office of the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the Annual General Meeting.

5. For the avoidance of doubt, the Singapore Proxy Form should not be used by Depositors. Depositors who wish to attend and vote at the Annual General Meeting should refer to paragraphs 6 and 7 below.

6. (i) A Depositor which is a corporation and who wishes to attend and vote at the Annual General Meeting or (ii) an individual Depositor who is unable to attend the Annual General Meeting personally and wishes to appoint person(s) to attend the Annual General Meeting and vote on his behalf, should complete sign and return the Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the Annual General Meeting.

7. A Depositor (other than Depositors which are corporations) holding Shares through The Central Depository (Pte) Limited ("CDP") and whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act of Singapore) as at a time not earlier than 48 hours before the time appointed for the Annual General Meeting and who wishes to attend and vote at the Annual General Meeting may do so as CDP's proxy without having to complete or return any form of proxy.

8. The instrument appointing a proxy shall be in writing under the hand of the appointor or by his attorney duly authorised in writing. If a Shareholder or Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

9. Completion and return of the Singapore Proxy Form, the HK Proxy Form or the Depositor Proxy Form will not preclude members from attending and voting in person at the Annual General Meeting or at any adjournment thereof (as the case may be) should they so wish, and in such event, such proxy form shall be deemed to be revoked.

10. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders are present at the Annual General Meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the Shares shall be accepted to the exclusion of the votes of the other registered holders.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), 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) 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 member's breach of warranty.

CORPORATE INFORMATION

BOARD OF DIRECTORS

SUE Ka Lok
Chairman and Executive Director
LAI Ming Wai
Chief Executive Officer and Executive Director
CHAN Yuk Yee
Executive Director
WU Jian
Executive Director
FOO Meng Kee
Independent Non-executive Director
NGIAM Zee Moey
Independent Non-executive Director
ZHOU Qijin
Independent Non-executive Director
TO Yan Ming, Edmond
Independent Non-executive Director

AUDIT COMMITTEE

NGIAM Zee Moey *(Chairman)*
FOO Meng Kee
ZHOU Qijin
TO Yan Ming, Edmond

REMUNERATION COMMITTEE

ZHOU Qijin *(Chairman)*
NGIAM Zee Moey
TO Yan Ming, Edmond

NOMINATION COMMITTEE

ZHOU Qijin *(Chairman)*
NGIAM Zee Moey
TO Yan Ming, Edmond
SUE Ka Lok

FINANCIAL CALENDAR

Financial Year End
31 December 2015

ANNOUNCEMENT OF FINANCIAL RESULTS

Fourth Quarter	February
First Quarter	May
Second Quarter	August
Third Quarter	November

PRINCIPAL PLACE OF BUSINESS

Suite 1801
West Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

JOINT COMPANY SECRETARY

LEE Pih Peng
HON Kwok Ping Lawrence

ASSISTANT COMPANY SECRETARY

Codan Services Limited

SHARE REGISTRAR

Unit Trust/Share Registration
Boardroom Corporate & Advisory Services Pte. Ltd.
(a member of Boardroom Limited)
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

BERMUDA REGISTRAR

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

Partner-in-charge:
Benny Lam
Appointed in September 2013

DESPATCH OF ANNUAL REPORTS TO SHAREHOLDERS

29 March 2016

ANNUAL GENERAL MEETING

29 April 2016