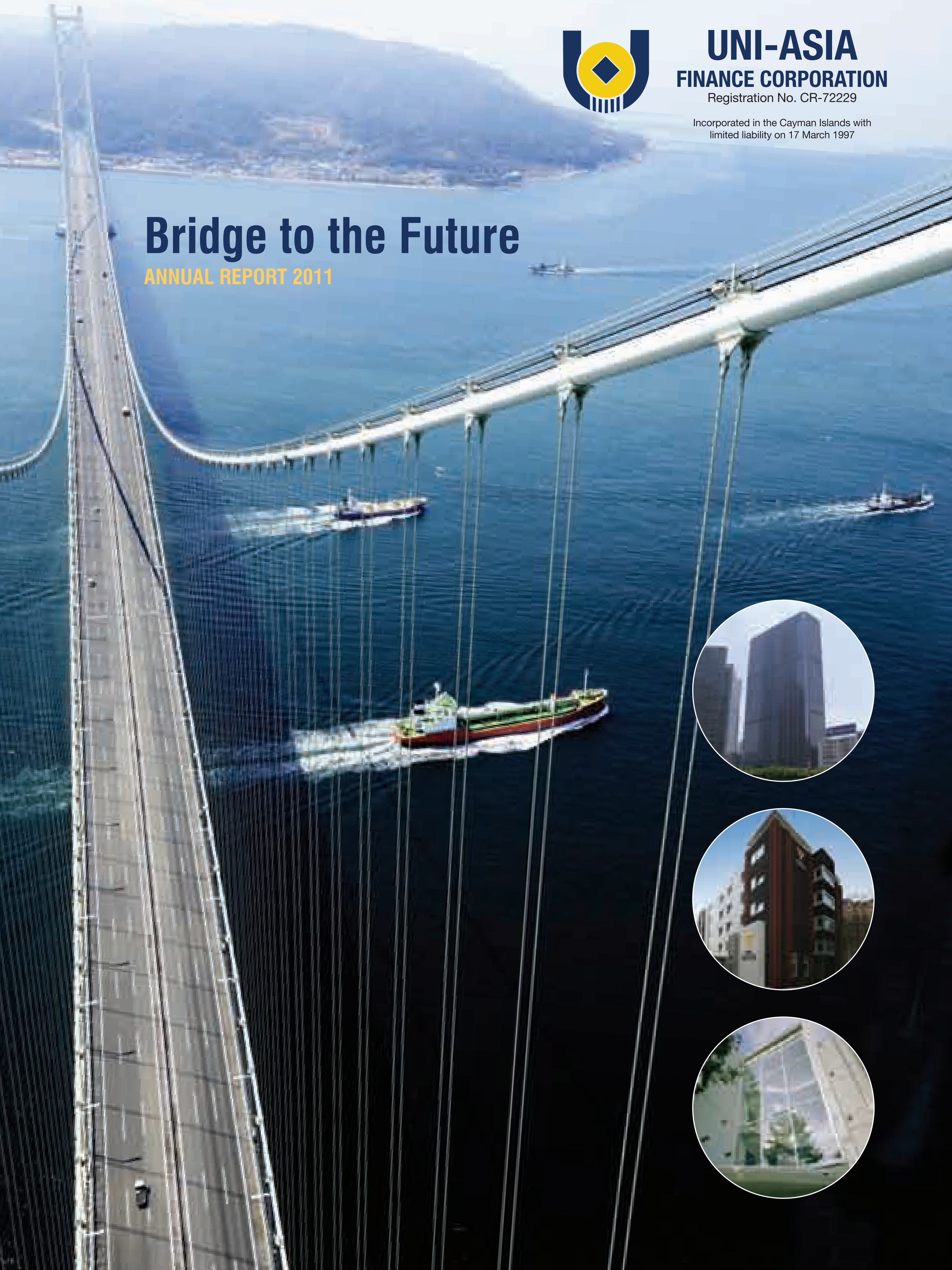
UNI-ASIA
FINANCE CORPORATION
Registration No. CR-72229

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

Bridge to the Future

ANNUAL REPORT 2011



CONTENTS

CORPORATE PROFILE

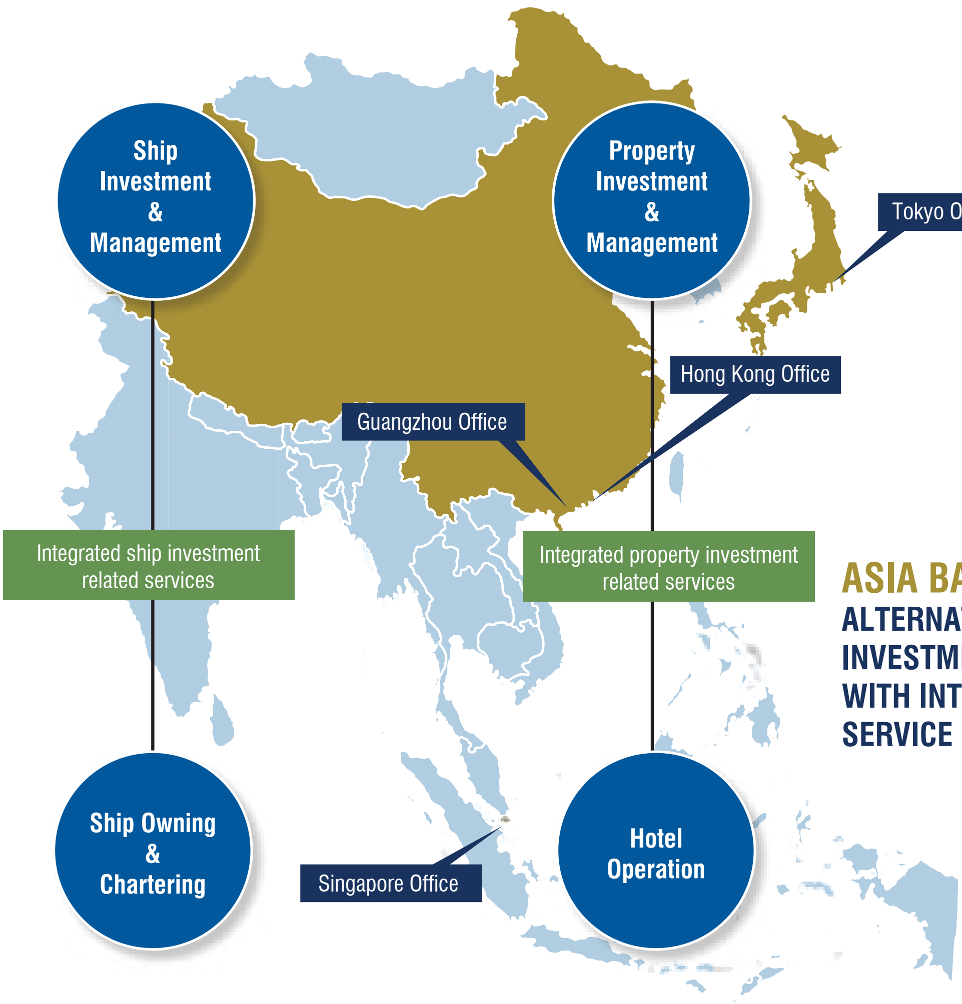
Uni-Asia Finance Corporation is a unique company that is primarily engaged in the asset management business, specialising in alternative investments.

Leveraging on our specialised finance skills in structured finance arrangement, we provide alternative investment opportunities that are aimed towards long-term and sustainable returns to our clients, while maintaining a prudent approach. These investments are principally investments in vessels and properties.

We are also an integrated services provider in relation to maritime investment and property investment.

In tandem with this alternative investment management feature, we also act as a ship owner by holding a majority interest in vessel investments, which enhances our position as an integrated services provider. We provide ship investment fund management, ship management, ship finance arrangement as well as ship and charter brokerage. We also carry out the function of being a hotel operator for investors, in addition to providing integrated property investment services including property investment management and advisory, property finance arrangement and property brokerage.

As an Asia-based company, we provide various cross-border services to our clients, via offices located in Hong Kong, China (Guangzhou), Singapore and Tokyo.



ASIA BASED ALTERNATIVE INVESTMENT COMPANY WITH INTEGRATED SERVICE FUNCTION

CORPORATE PROFILE

Understanding Uni-Asia Finance Corporation

Our Business

Leveraging on our specialised skills

- Providing alternative investment opportunities for investors and invest as a co-investor
- Providing integrated service in relation to vessel investment and property investment
- Acting as ship owner and hotel operator

Our Business Focus

Cargo ship investment and ship owning business

- Leveraging on skills of ship financing and shipping business accumulated in the group

Property investment in Japan and China / Hong Kong

- Leveraging on skills of structured finance and property business accumulated in the group

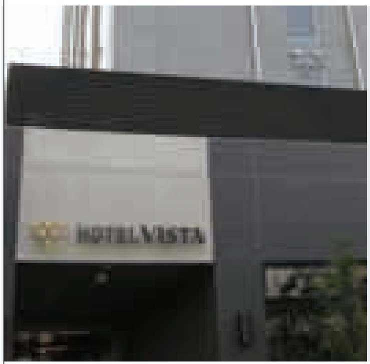
Integrated Services

- Ship and property investment related services such as finance arrangement, brokerage of vessel, charter & properties, asset managements, and hotel operation

Our Position

Market Positioning

- Our business platform is backed by our expertise in each area
- Integrated service provider function makes us as a unique company which can provide a one-stop service



Our Strength

Competitive advantage

- Extensive experience of our management team
- Unique product mix and business focus
- Geographical network including Japan

CREATING OPPORTUNITIES

With long-term stability as our goal, Uni-Asia Finance Corporation continues to strive to create value by offering alternative investment opportunities, built on and buoyed by a strong asset mix and suite of strategies.

CHAIRMAN'S MESSAGE

We started the year 2011 with the expectation of a second phase of recovery from the aftermath of the Global Financial Crisis, which started in 2008. This was following our report of a US$2.35 million net profit in FY2010 after two straight years of losses, whilst we were assuming a steady growth in the global economy. The reality was very different, as the macroeconomic changes in FY2011 created headwinds for us.

Our full recovery was impeded by the 9.0 magnitude earthquake and Tsunami in Japan on 11 March 2011, and subsequent radiation crisis ("3.11 disaster"), which deeply shocked the Japanese economy and our heartfelt sympathies still go out to the people directly or indirectly affected by the 3.11 disaster. A recovering property market trend in Japan was disrupted by the 3.11 disaster, which dampened the market again. The hotel industry in Japan was also affected, as tourist and business traveller levels dropped drastically. Though the property market and hotel industry has picked up from the aftermath of the 3.11 disaster, the negative impact was significant, especially for hotel industry.

Furthermore, a deepening Eurozone sovereign debt crisis, sluggish US economic recovery and the decelerating growth of emerging countries also weighed on the global economy in 2011. Throughout the year, the maritime industry suffered from slow growth of seaborne cargo traffic whereas new supply of vessels gave downward pressure on charter rates and the price of vessels, though the degree of this effect varied depending on the segment. The office market in China and Hong Kong kept the uptrend momentum, despite the China residential property market facing a downside adjustment in the latter half of the year.

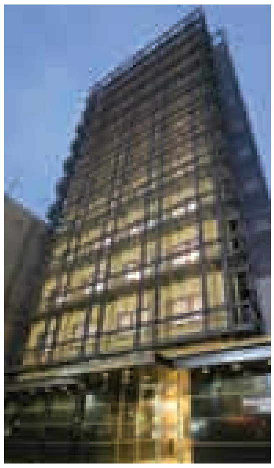
Although we were adversely affected by the turbulent macro-economic environment, we have managed to achieve some positive business developments in 2011. With regard to our ship finance and ship investment / management segment, our investments in ship investment fund and co-investments were affected by a reduction of fair value, which reflected the slowing market. Under these tough market conditions, we successfully closed several structured finance deals which had been in the pipeline for more than one year. Our vessel portfolio under our ship investment fund remained the same during the year, while one vessel which we co-invested in was sold.

Our ship owning business, represented by our wholly owned subsidiary, Uni-Asia Shipping Limited ("Uni-Asia Shipping"), made further progress in 2011. We acquired a 100% interest in three handysize bulk carriers in 2011 at competitive prices by taking advantage of the subdued market price. Including the two vessels we acquired in 2010, we now have five vessels with a majority interest under Uni-Asia Shipping, among which, three vessels were delivered in 2011. These delivered vessels have started contributing to Group's profit through newly earned charter income. As vessel charter income is recurrent, it contributes to stabilising the Group's income.

With regard to property investment / management business in China and Hong Kong, we had participated in industrial and office building redevelopment project in Hong Kong in 2010 jointly with a local property development company so as to diversify our investment portfolio. The project is going smoothly without any material delay of the schedule. This building redevelopment project is expected to be completed in the second quarter of 2013. We will continue to closely monitor the completion of the project, as this is our first property investment in Hong Kong, while looking for other similar investment opportunities.

In addition, our Property Investment / Management business in Japan, led by Capital Advisers Co., Ltd. ("Capital Advisers"), finally achieved operational breakeven for FY2011, because of our business promotion efforts and stabilised market conditions.

We will continue to identify good investment opportunities in our shipping business so that we can expand the vessel fleet that we own and invest in.



The implementation of extensive cost reduction exercises including a reduction of employee benefit expenses also contributed to its improvement of financial results.

Our hotel operation was most affected by the 3.11 disaster. Although it did not cause major physical damage to our hotel assets in Japan, it resulted in a drop of occupancy rates in the hotels that we operate in Japan. Although occupancy rates have improved to pre-3.11 disaster levels towards the end of the year, as the Japanese economy rebounded and tourists from overseas came back, our profit from hotel operations was dragged down by the immediate aftermath of the 3.11 disaster.

As a result, the Company made a net profit of US$1.38 million in FY2011, which is 41% down from a net profit of US$2.35 million in FY2010.

Confident for the future

While a widely expected Eurozone recession will likely to negatively affect the global economy in the near term, we are preparing ourselves for a worsening business environment, while we continue to implement strategies that will take us towards a full recovery.

Our fund-raising exercise via a renounceable non-underwritten rights issue in 2011 has enhanced our cash position. Our strong financial position and enhanced cash balance in hand enables us to make good investments and acquisitions in times of crisis and recession. We are going to acquire additional assets and make new investments at competitive prices when such opportunities arise. We will continue to identify good investment opportunities in our shipping business so that we can expand the vessel fleets that we own or invest in. We will also continue to explore property investment opportunities in Hong Kong, China and Japan.

In 2011, we completed a restructuring exercise in relation to the Group's shareholdings in its hotel operating subsidiaries. All the shares of the three hotel operating companies held by Capital Advisers were transferred to Uni-Asia Hotels Limited ("Uni-Asia Hotels"), a subsidiary of the Company, to streamline the Group's organisation. A subsequent increase in the capital of one hotel operating company and merger of two hotel operating companies have strengthened our hotel operating business framework. With this framework and the generally improved business conditions in Japan, we are confident to make this business profitable.

As mentioned, the cost structure of Capital Advisers was trimmed down to ensure a lower break-even point and a greater resilience to sluggish market situations. With the hotel operation business transferred to Uni-Asia Hotels, a new wholly owned subsidiary of the Company, Capital Advisers is now able to concentrate its resources on providing integrated property investment related services so as to increase fee income.

The Board and I believe that our strategy would enable Uni-Asia to achieve a steady growth path and in doing so, enhance its long-term value for our shareholders. On behalf of board of directors, I would like to express our appreciation for your continued confidence and support in the Company.

Mr Kazuhiko Yoshida
Chairman and CEO
16 March 2012

INTERVIEW WITH THE CHAIRMAN

1 Can you please elaborate on the group reorganisation in 2011 and the rationale for it.

We restructured our shareholding interest in our hotel operating companies by transferring all the shares of three core hotel operating companies from Capital Advisers to Uni-Asia Hotels, a new wholly owned subsidiary of the Company. Following which, the paid-up capital of one of the hotel operating subsidiaries was increased to strengthen its financial position. Subsequently, two hotel operating companies merged into a company called Vista Hotel Management Co., Ltd., which acts as the head office of hotel operation business. This series of restructuring exercises segregated the hotel operation business from Capital Advisers and helped streamline the organisation of the Company into separate and distinct businesses. This group restructuring also enables us to consider future external funding strategies for each individual business. In addition, Capital Advisers is able to concentrate all of its management resources on its property investment and management business as an integrated service provider.

Accordingly, we have regrouped our operating business segments in our quarterly financial results presentation (corporate update presentation) from the third quarter of 2011 so as to better reflect the business performance of our operating business segments. We have also applied this regrouped operating business segment classification in “The Operating Segment Information” of the “Notes to the Consolidated Financial Statements” in our 2011 annual report.

Business Segment (Representing Entity)	Business Nature
1) Non-Consolidated Uni-Asia Finance Corporation	Investment / Asset Management of Vessels and Properties, Structured Ship Finance
2) Uni-Asia Shipping Group	Ship Owning and Chartering
3) Capital Advisers Group	Property Investment / Management in Japan
4) Uni-Asia Hotels Group	Hotel Operation

2 Please explain the strategic direction of the ship investment / management business and the ship owning business which are positioned as core business segments of the group.

We currently manage the Akebono ship investment fund and also invest in it as one of the sponsors. Other than Akebono fund, we also invested in four vessels with other investors in which our shareholding interest is not more than 50%. We also provide management services for these co-investments. Our strategy for ship investment / management is to expand our vessel portfolio under ship investment fund and co-investment so that we can increase our fee income by providing various services for the fund and co-investments. We expect good investment opportunities to arise for the acquisition of vessels at a competitive price in the depths of a sluggish market due to the anticipated slowdown of the global economy. We will also try to materialise these opportunities by inviting other investors, if appropriate.

After the Global Financial Crisis which started in 2008, commercial vessel prices have dropped significantly and are still hovering at the lower level. It would be a good opportunity to accumulate a portfolio of vessels at a competitive price. To capture this good opportunity, we will invest in and own the vessels with our majority interest of up to 100% without waiting for other investors to be ready.

This strategy will increase our recurrent charter income and contribute to the stabilisation of our income structure. When opportunities arise, we may consider inviting other investors into this vessel portfolio under Uni-Asia Shipping, by reforming it into a joint investment, private ship investment fund or any other vehicle. As of today, we have acquired five vessels under Uni-Asia Shipping, and three vessels were delivered in 2011. Our plan is to continue to expand this vessel portfolio in the near term with our strong and close connections with global financial institutions including financiers in Asia, which provide long-term loans.

This business mixture of ship investment / management and ship owning / chartering business under Uni-Asia Shipping will enable us to survive at the bottom of the industrial cycle and expand our business flexibly, in tandem with the market conditions. We aim to balance these two business segments and enhance our function as an integrated ship related services provider.

As part of our strategy for new vessel investments, we have focused on handysize bulk carriers (dwt 25,000-39,999) because of the age profile of existing vessels and its demand supply situation. We will continue with this strategy. According to Worldyards Handysize Supply Profile 4th quarter 2011, approximately 728 handysize bulkers or 41% out of 1,760 vessels are over 21 year old as of 31 December 2011. This means that a significant number of vessels is expected to be scrapped in the near term while the supply of new vessels is limited. This, combined with the high market liquidity for this type of vessel, supports our strategy.

3 What is the strategy for property investment / management business in Japan by Capital Advisers, as well as property investment / management business in China and Hong Kong?

Our strategy for Capital Advisers is to reactivate its business by focusing its resources on providing integrated property investment related services and to make it a profitable business. As part of this strategy, we conducted a restructuring exercise. In addition, in order to concentrate its resources on the provision of integrated services, any new equity investment of the Group for property investment opportunities in Japan will be disbursed by the Property Investment Department of the Company through Uni-Asia Capital Company Limited in Hong Kong, a wholly owned property investment subsidiary of the Company.

In 2011, we carried out an extensive operating cost reduction exercise of Capital Advisers so that its recurrent income from its existing business would meet operational costs. Any additional income from providing integrated property relating services, including fund solution service, investment advisory service and property brokerage service, would therefore make Capital Advisers a profitable entity. In 2011, Capital Advisers earned hotel property brokerage fee of JPY188.7 million (approx. US$2.2 million), and we are looking for more of such income opportunities.

Capital Advisors, which has relevant licenses granted by the Japanese government under the Financial Instruments Exchange Act, is now positioned as a unique services provider in the market, where its focus will be on providing integrated services in relation to property investments. This includes the following services, given the increasing demands from clients:

- Asset management
- Investment advisory
- Solution providing advisory
- Small residential property development project advisory
- Brokerage service
- Finance arrangement service

With regard to our property investment / management business in China and Hong Kong, we have invested in 14 office units in Guangzhou, China, as well as our investment in an office redevelopment project in Hong Kong with an effective interest of 10.2% . We are looking for similar investment opportunities for the expansion of our investment portfolio, as well as providing investment opportunities for our clients. At this point of time, the office markets in China and Hong Kong are still lucrative, and we will cautiously select good investment opportunities, if any, by taking the anticipated market situation into account.

In accordance with a requirement for the diversification of investment risk, there are many investors who are looking at cross-border investment opportunities. We are supporting clients' cross-border investments by providing various services like administration. We are enhancing our services function to support international and Japanese investors who are seeking for investment opportunities in Japan and China / Hong Kong respectively, by making use of synergies within the Group.

4 Please explain the prospects for the hotel operating business in Japan.

Our hotel operations suffered losses in the past few years mainly due to the Global Financial Crisis, and was also hit by the 3.11 disaster last year. However, due to our business promotion efforts sustained by the recovery of business activities and tourism, the performance of the hotels that we operate has been recovering to almost the same levels before the 3.11 disaster. As mentioned earlier, we have streamlined and strengthened our hotel operating organisation with the restructuring of our hotel operating subsidiaries.

As the second step, we are reviewing unfavourable hotel lease agreements with the hotel owners. There were four hotel lease contracts with the owners which have a large amount of lease payment fixed at an unfavourable rate, as they were contracted assuming a better business environment. This recurrent fixed cost is one of the reasons for the losses made by this business in the past few years. We successfully improved the terms and conditions of some of the contracts and we have decided not to renew one lease contract at its maturity. Among the remaining three of the fixed lease contracts mentioned above, two contracts are scheduled to expire in 2012 and the last one in July 2013. We will continue to improve our lease payment contract, or we may terminate the contracts at maturity, if we cannot improve the terms and conditions to an acceptable level.

On the other hand, we have successfully added one new hotel operation, the Hotel JAL City Naha in October 2011, which we believe will contribute to the Group's profit. We will continue the restructuring of our hotel operating business to improve the profitability of this business.

We are positioning our hotel operating business as a promising business segment of the Group, and will continue to expand it. As part of our business promotion, Uni-Asia Hotels has been collaborating with a tourism agent in Hong Kong to boost our hotel occupancy. We will continue this kind of promotional support for our hotel operating business so as to make it a cash cow for the Group.

5 What will be the growth drivers for Uni-Asia for 2012 and beyond?

Firstly, we have sown the seeds for the future growth in the past two years and the time has come for us to reap and harvest. In the ship owning business, we had acquired five vessels among which three vessels were delivered in 2011. They started contributing to the Group's profit by earning charter hire income, with the remaining two vessels scheduled to be delivered in 2012 and 2013 respectively. These newly acquired vessels will sustain our profit growth. Our expanded fleet portfolio may also enable us to create new business opportunities for fee income as an integrated ship investment related services provider, in the future. We had also made some investments in property development projects in Hong Kong and Japan, which are scheduled for completion in 2013 and 2012 respectively.

Secondly, our operation in Tokyo should be one of the factors for our future growth. As mentioned earlier, we carried out an extensive operating cost reduction exercise of Capital Advisers in 2011 so as to reduce its break-even point for our property investment / management business in Japan. When fully effective in 2012, the profitability of this business segment is expected to improve. Also, we are implementing a lease review exercise for our hotel operating business by reviewing hotel lease agreement with the aim of improving the terms and conditions or terminating the agreement. Any new hotel operating contracts secured henceforth with better terms and conditions will contribute to the improvement of our hotel operation's profitability. Actually, we have successfully taken over one such hotel operation in 2011, by making use of our unique position as an integrated property investment related services provider.

Thirdly, our fund-raising exercise via a renounceable non-underwritten rights issue in 2011 enhanced our cash position, which enables us to make good investments and acquisitions in times of a crisis and recession. We will continue to identify good investment opportunities in our shipping business so that we can expand the vessel fleet that we own and invest in, as well as continue to explore property investment opportunities in Hong Kong, China and Japan.

We strongly believe that the abovementioned factors will be our growth drivers for 2012 and the years after.

MILESTONES
(1997-2011)

2011

- Uni-Asia Hotels Limited , a new wholly owned subsidiary of the Company, acquired all the shares of three hotel operating companies from Capital Advisers, as part of the group's shareholding restructuring
- Issued 156,597,600 new shares by way of renounceable non-underwritten rights issue. The paid-up capital was increased from US$50,111,232 comprising 313,195,200 shares to US$75,166,848 comprising 469,792,800 shares
- Increased equity interest in Capital Advisers to 99.5% by subscribing for new shares issued by Capital Advisers

2010

- Increased equity interest in Capital Advisers to 96.9%
- Uni-Asia Shipping Limited was established as a wholly owned subsidiary of the Company to function as a ship owning holding company for vessel investments with our majority interest

2009

- Issued 52,199,200 new shares and placed to Yamasa Co., Ltd. The paid-up capital was increased from US$41,759.360 comprising 260,996,000 shares to US$50,111,232 comprising 313,195,200 shares

2008

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

2007

- Made a direct investment into office units in Guangzhou, the PRC
- Launched our first Singapore ship investment fund under MFI scheme-the Akebono Fund
- Successfully listed on the Main Board of the Singapore Exchange Securities Trading Limited

2006

- Our wholly owned subsidiary, Uni-Asia Capital (Singapore) Limited, was granted Approved Ship Investment Manager status by the Maritime and Port Authority of Singapore under Maritime Finance incentive("MFI") Scheme

2005

- Launched container vessel fund, specialising in investment of container vessels
- Capital Advisers acquired all the shares of Sun Vista Co., Ltd., a hotel operating company, from a third party and went into hotel operating business

2004

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

2003

- Capital Advisers issued new shares to third parties. Our equity interest in Capital Advisers was diluted to 44.8%
- Launched AAA Series II

2001

- Launched Asian distressed assets investment fund AAA Series I

2000

- Capital Advisers Co., Ltd. ("Capital Advisers") was established as a wholly owned subsidiary of the Company
- Established an investment partnership with Grosvenor Asia to invest in residential properties in Tokyo, through Capital Advisers

1998

- Expanded into investment in alternative assets, such as distressed assets
- Reported as the top arranger of structured finance for the transportation sector in Taiwan, and ranked 4th in the category of Taiwan foreign currency loan and bond arrangement by basis point (a financial magazine)

1997

- The Company was incorporated in the Cayman Islands with business presence in Hong Kong. Our focus is on finance arrangement for companies in the transportation sector

CORPORATE DEVELOPMENTS
For the Year 2011

January
- Acquisition of a new 37,000dwt handysize bulk carrier

February
- Release of full year financial results for FY2010
- Organisation of clients seminar in Taipei
  - Guest Speaker: Dr. Eisuke Sakakibara of Aoyama Gakuin University on "The Outlook of Japan's Economy and Currency Market 2011"

March
- Acquisition of a second hand 28,709 dwt handysize bulk carrier by judicial auction in Japan
- Earthquake and Tsunami disaster hit East Japan
  - It did not cause any structural damages to the properties we manage/operate
- Increase in paid-up capital of Uni-Asia Shipping Limited, a wholly owned subsidiary of the Company, from US$5 million to US$20 million

April
- Increase in the Company's interest in Capital Advisers Co.,Ltd. from 96.9% to 99.5% by subscribing for new shares
- Annual General Meeting at M Hotel

May
- Delivery of two handysize bulk carriers acquired
  - a newly built 29,000 dwt bulk carrier acquired by Hope Bulkship. S.A., a subsidiary of Uni-Asia Shipping Limited

  - a second hand 28,709 dwt bulk carrier acquired by Karat Bulkship S.A., a subsidiary of Uni-Asia Shipping Limited, by judicial auction in Japan
- Release of 1Q2011 financial results
- Meeting of the Akebono Fund noteholders held in Singapore

July
- Extraordinary General Meeting for approval for renounceable non-underwritten rights issue exercise

August
- Completion of renounceable non-underwritten rights issue
  - US$25.6 million (net amount) was raised
- Release of 1H2011 financial results
- Acquisition of a second hand 28,300 dwt handysize bulk carrier
  - The vessel was delivered in September 2011 and chartered out

September
- Implementation of restructuring of the Group's shareholding in hotel operating subsidiaries
  - Uni-Asia Hotels Limited, a subsidiary of the Company, acquired all the shares of Vista Hotel Management Co., Ltd., Sun Vista East Co., Ltd. and Sun Vista Co., Ltd. from Capital Advisers Co., Ltd.

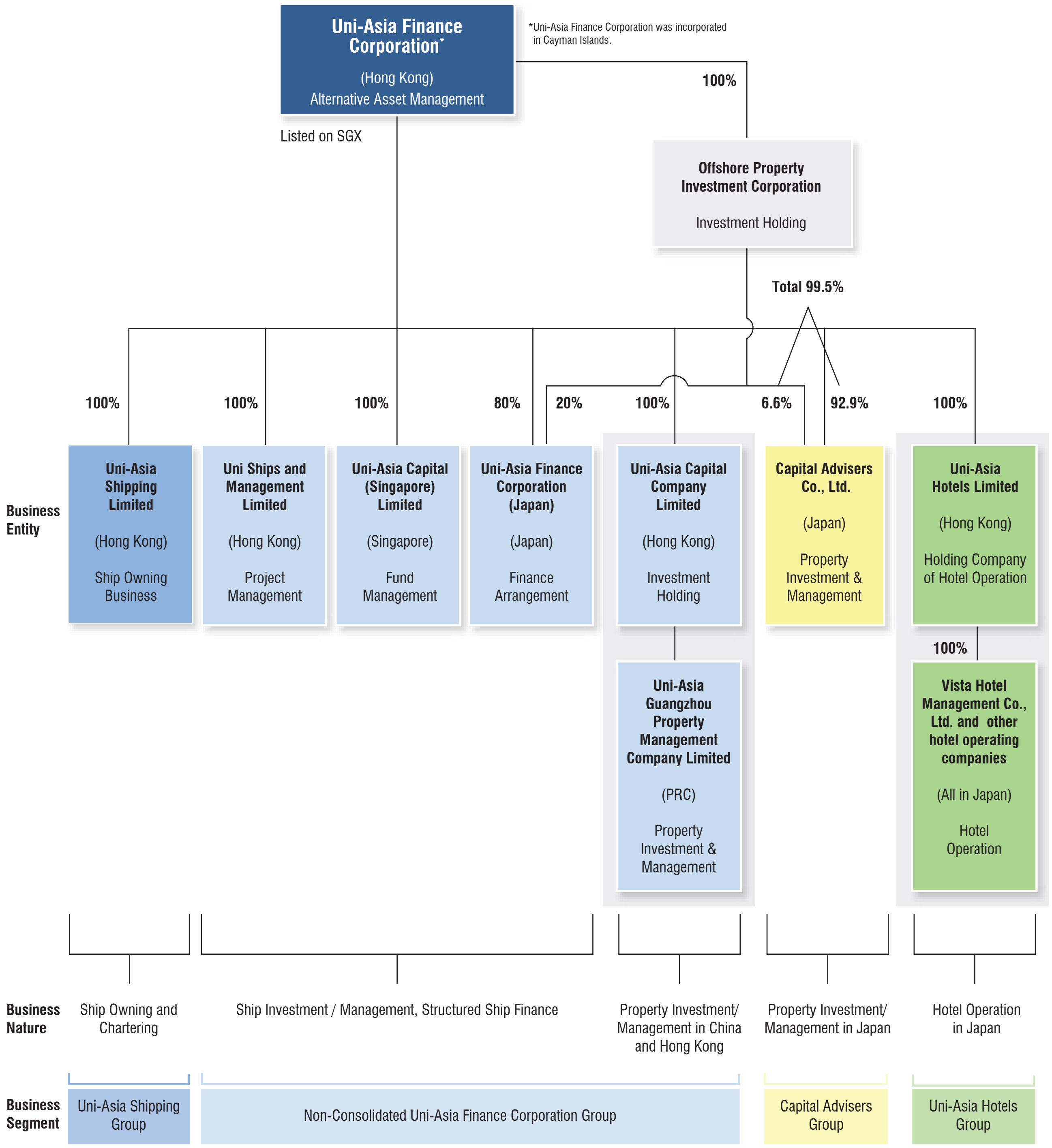
October
- Commencement of additional hotel operation
  - The Company acquired a hotel operating company, Sun Vista Naha Co., Ltd., and has taken over the hotel operation of Hotel JAL City Naha, in Okinawa Prefecture

November
- Release of 3Q2011 financial results
- Investment in a development project of small residential property in Japan
- Meeting of the Akebono Fund noteholders held in Singapore

December
- Implementation of further restructuring of hotel operating subsidiaries
  - Two hotel operating companies were merged- Vista Hotel Management Co., Ltd. and Sun Vista East Co.,Ltd.
- Increase in paid-up capital of Uni-Asia Capital Limited, a wholly owned subsidiary of the Company, from HK$20.00 to HK$23 million
- Increase in paid-up capital of Uni-Asia Shipping Limited, a wholly owned subsidiary of the Company, from US$20 million to US$25.5 million

CORPORATE ORGANISATION

Major Group of Companies



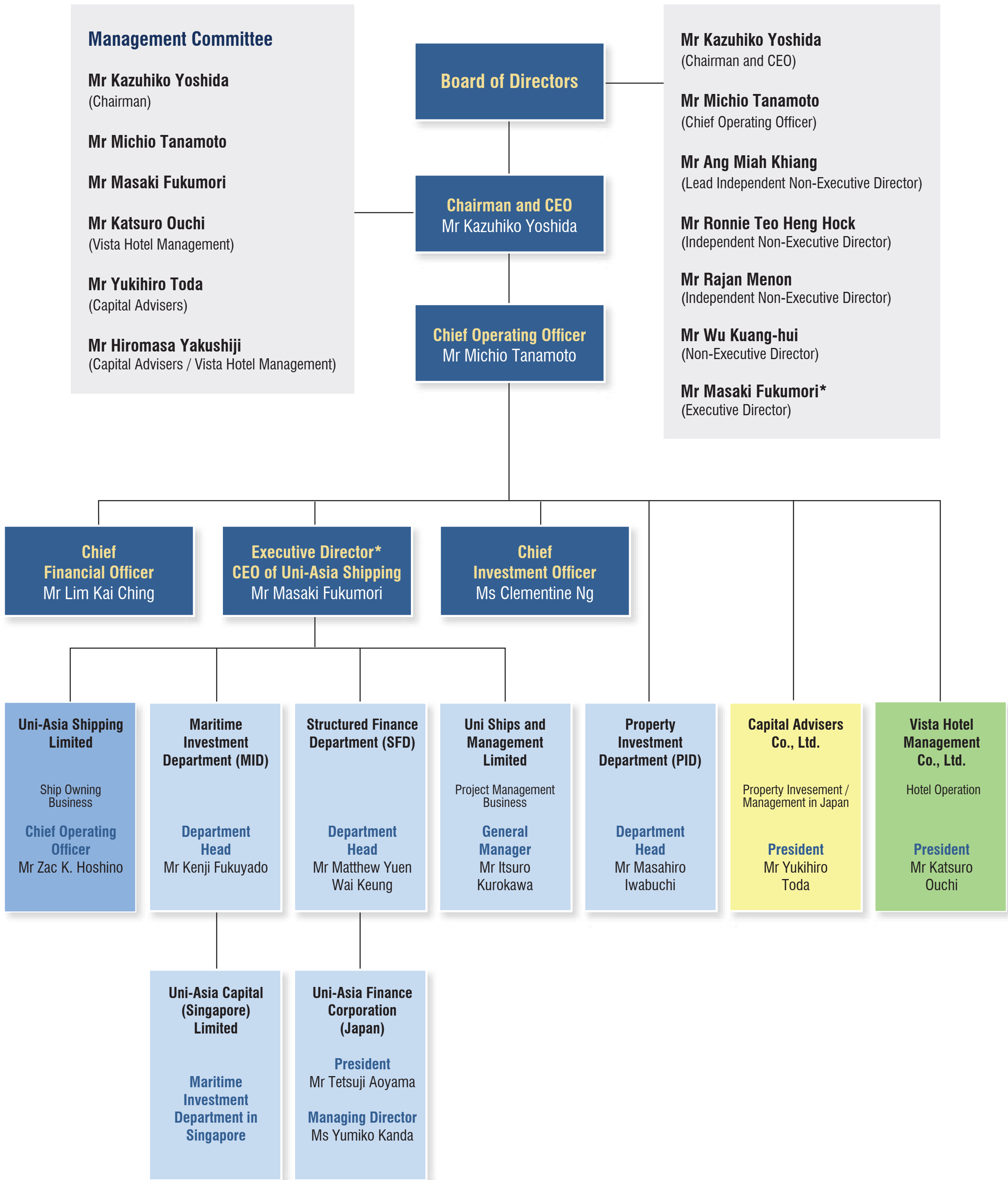
Above represents major group companies only for illustrative purpose.

Number of employees as at 31 December 2011

Hong Kong	24
China (Guangzhou)	1
Singapore	8
Japan	308
Total	**341**

Notes
1. Above includes executive directors.
2. The number of Japan includes 276 hotel staff.

MANAGEMENT ORGANISATION

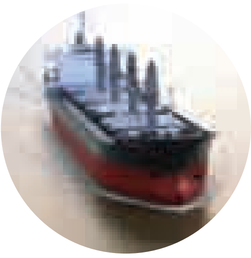


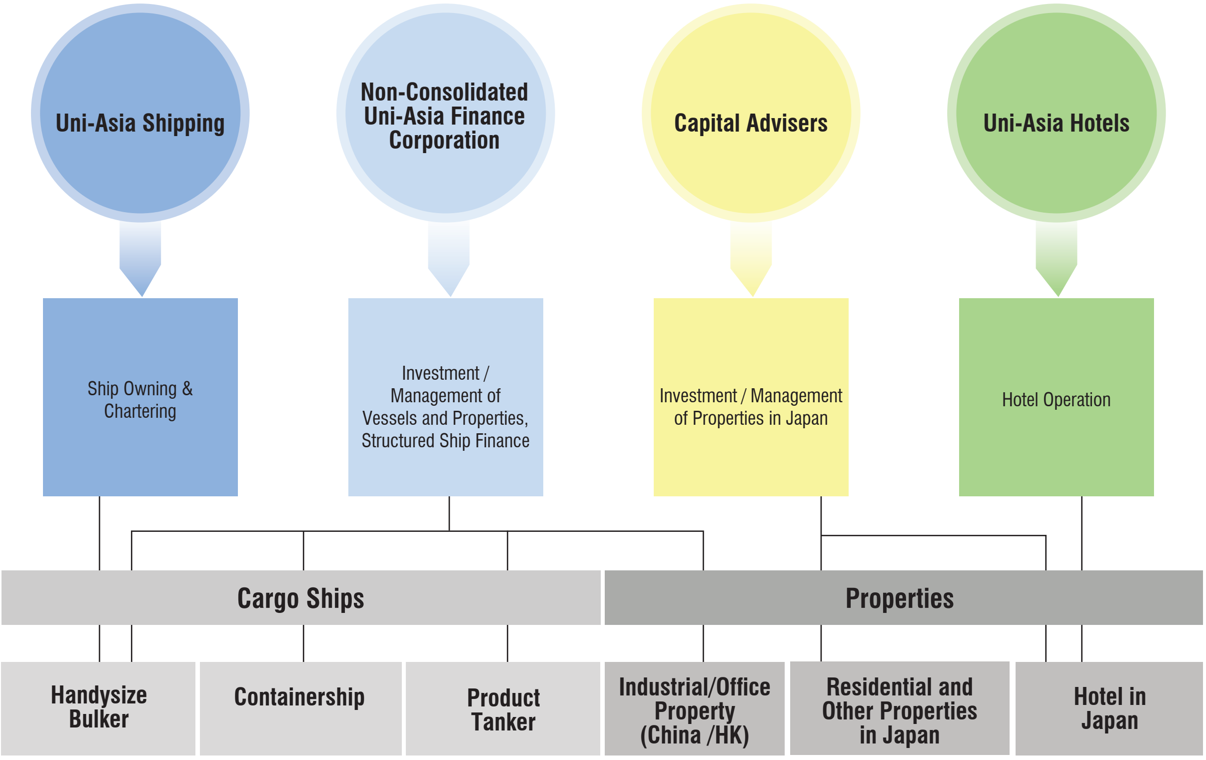
* Mr Masaki Fukumori was appointed as Executive Director on 1st March 2012.

Business Segment

As an alternative investment company as well as an integrated vessel and property related services provider, our business comprises:

1. Investment / management of vessels and properties, structured ship finance carried out by Uni-Asia Finance Corporation and its relevant subsidiaries ("Non-consolidated Uni-Asia finance Corporation")Note
2. Ship owning and chartering businesses operated under Uni-Asia Shipping group
3. Investment / management of properties in Japan conducted by Capital Advisers, and
4. Hotel operation and services provided under Uni-Asia Hotels group



Note: "Non-Consolidated Uni-Asia Finance Corporation" comprises Uni-Asia Finance Corporation, Uni-Asia Finance Corporation (Japan), Uni-Asia Capital (Singapore) Limited, Uni Ships & Management Limited, Uni-Asia Capital Company Limited and Uni-Asia Guangzhou Property Management Company Limited. Please also refer to "Corporate Organisation" on page 11

OUR BUSINESS
INCOME STRUCTURE

Our income can be categorised as:

1) Fee income 2) Hotel income 3) Investment returns and 4) Interest income

In the four business segments presented earlier, each income is realised according to the nature of our business activities. As an integrated services provider, as well as a co-investor and ship owner, we are able to enjoy various income opportunities from multiple sources of income.

BUSINESS SEGMENT AND ACTIVITIES

INCOME NATURE	Accoounting Item	Non-Consolidated Uni-Asia Finance Corporation Investment / Management of Vessels and Properties, Structured Ship Finance	Uni-Asia Shipping Ship Owning and Chartering	Capital Advisers Investment / Management of Properties in Japan	Uni-Asia Hotels Hotel Operation
Fee Income	Arrangement & Agency Fee	Ship finance arrangement / agency work		Property finance arrangement, Acquisition & disposal of properties	
Fee Income	Project Management Fee	Initiation /origination of investment projects (vessels/properties)			
Fee Income	Brokerage Commission	Broking of vessel sale-purchase / vessel charter		Broking of property sale-purchase	
Fee Income	Incentive Fee	Divestment arrangement of vessel under management		Hotel fund asset management (Improvement of hotel performance)	
Fee Income	Asset Management & Administration Fee*	Management of private investment fund /co-investment (Vessels and properties)		Management of private property investment fund	
Fee Income	Charter Income*		Chartering a vessel to a third party		
Hotel Income	Hotel Income*			Hotel income from the hotel owned or consolidated by Capital Advisers	Hotel operation by management / lease contract with a hotel owner
Investment Returns	Interest on Performance Note*	Investment in private ship investment fund			
Investment Returns	Realised gain / (Loss)	Investment in ship / property owning companies (dividends)	Disposal of vessels owned	Investment in property fund (dividends), disposal of properties	
Investment Returns	Fair Value Adjustment	Fair valuation of investment in ship / property owning company, private ship investment fund and properties		Fair valuation of investment in property investment fund	
Investment Returns	Property Rental*	Leasing of office units acquired in Guangzhou, China		Leasing of hotel related properties owned by Capital Advisers	
Interest Income	Interest Income*	Bridge loan / shareholders' loan to private ship investment fund, co-investment and private property investment fund Bank deposit interest	Bank deposit interest	Bank deposit interest	Bank deposit interest

* Recurrent Income
(Charter Brokerage Commission is also recurrent, while vessel / property brokerage commission is one-off fee income)

Maritime Industry

The deepening of the Eurozone debt crisis, decelerating growth of emerging economies, slower pace US recovery as well as the slowdown of the global economy dragged down the maritime industry in 2011.

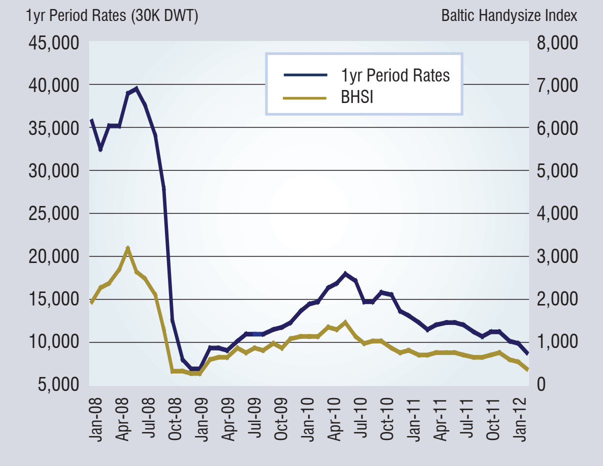
With respect to dry bulk carriers, the Baltic Dry Index ("BDI"), which gauges the cost for shipping commodities including iron ore, cement, coal, grain, and fertiliser, was weak throughout the year. This was because the increase in vessel supply outpaced vessel demand growth. Vessel demand was affected by a sharp drop in import growth of steam coal to China, decreased iron ore imports to European countries and a reduction of seaborne trade volume of coking coal to China.

The growth of bulk carrier availability and growth of vessel demand in 2011 were estimated to be 14% and 5% respectively. Even though the growth of bulk carrier availability is expected to slow down in 2012, vessel demand growth is also expected to be slow, thereby maintaining the gap between the growth of supply and demand in the near term.

Global container trade in 2011 was also sluggish after a remarkable recovery in 2010. According to Clarksons "Container Intelligence Monthly" Volume 13, the global container trade in 2011 was projected to grow by 8.1% as at December 2011 while the growth of container capable fleet was projected to be 7.3% for the same period. Though supply and demand growth looks balanced, fleet growth has been more rapid in the larger-sized fleet sectors, and this skewed growth of supply is one of the factors which plummeted mainlane freight rates and put pressure on non-mainlane freight and charter rates.

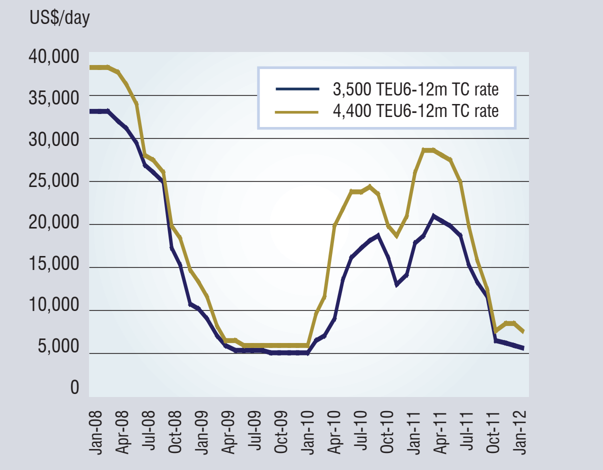
The Baltic Clean Tanker Index had shown a sideway trade during the year. According to Clarksons "Oil & Tanker Trades Outlook" Volume 16 December 2011, deadweight demand for product tankers is projected to increase by 2.3% in 2011, while product tanker supply is projected to increase by 5.1% for the same period, which resulted in downward pressure on the charter market.

Baltic Handysize Index/One Year Time Charter Rate



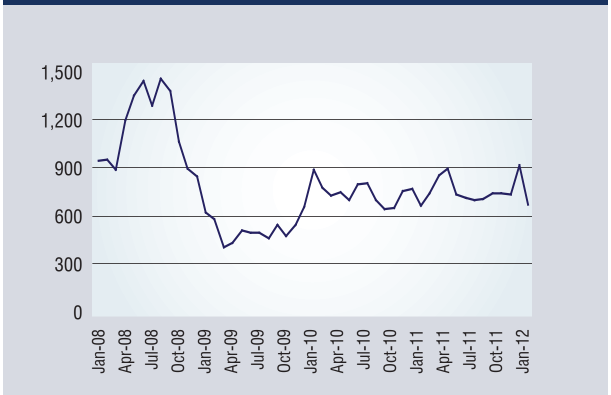
Source: Bloomberg/Clarksons

Container Charter Rate



Source: Clarksons

Baltic Clean Tanker Index



Source: Bloomberg

Property Market in Japan

The overall property market in Japan had been on track towards a recovery from the aftermath of the Global Financial Crisis until early 2011. However, the 3.11 disaster left an impact on the Japanese economy and the property market. The magnitude of the 3.11 disaster's impact on the property market and its subsequent recovery trend varied depending on the market segments, even as the Japanese economy recovered in the second half of the year.

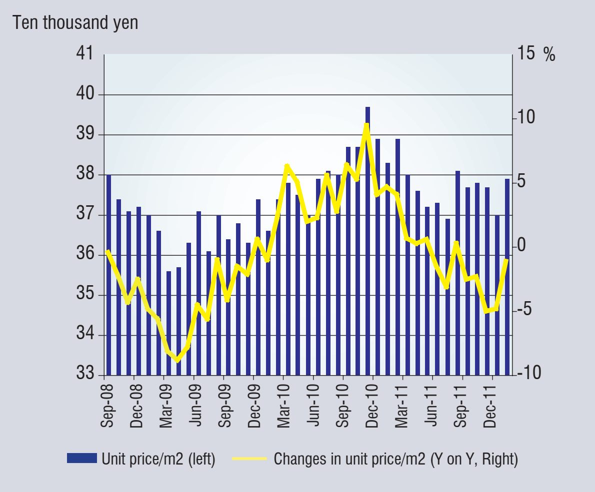
For the residential property market, the high-end and expatriate rental market was hardest hit among the residential market segments. It suffered from a slow recovery as the 3.11 disaster compelled many expatriates to leave Japan. As for the middle income segment in the Tokyo metropolitan area, the 3.11 disaster caused the sale-purchase market to come to a temporary halt. However, the market showed its resilience and was relatively stable on the back of the solid demand from individuals for both rental and sale-purchase. Rather than refraining from buying homes after the 3.11 disaster, people became conscious about safety in the event of another earthquake and wanted to move into houses and apartments that deemed to be safe. Furthermore, foreign investors have been gradually coming back to the market, and this supported a modest recovery of the residential market. Overall, institutional investors maintained their investment attitudes as seen before and after the 3.11 disaster.

On a positive note, Japanese banks are not significantly affected by the Eurozone debt crisis and their lending capability is so far intact. In fact, they are providing funds for property finance deals albeit in a prudent and selective manner.

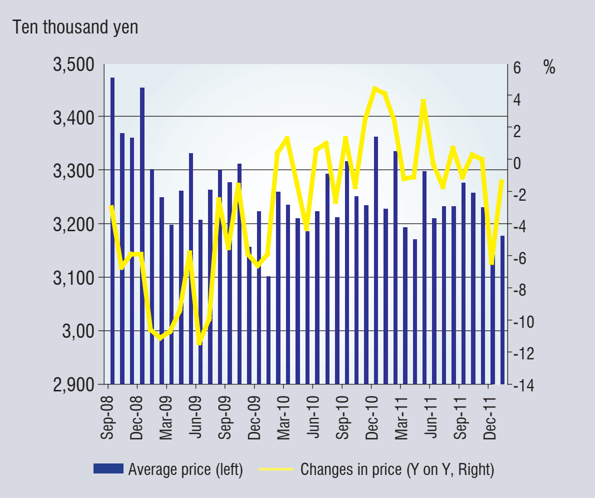
Japan:Real GDP Changes from Previous Quarter

Source: Cabinet Office, Governement of Japan
Seasonally adjusted series

Unit Price of Condominium in Tokyo Metropolitan Area



Average Price of Detached House in Tokyo Metropolitan Area



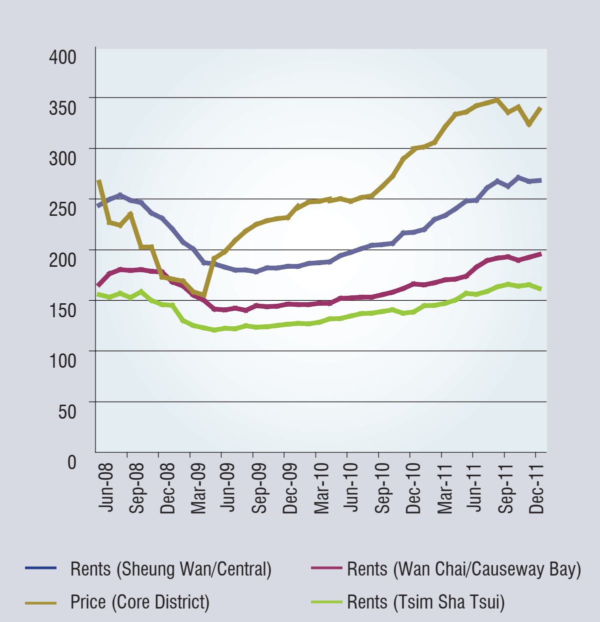
Source: The Real Estate Transaction Modernization Center Foundation

Office market in Hong Kong

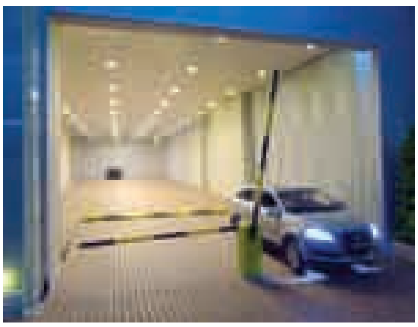
The residential property in Hong Kong was dragged down by China's decelerating economic growth and the slowdown of the world economy, whereas its office market kept an upward momentum throughout the year.

Grade A office vacancy rates stayed at low levels on the back of continuing office demand in spite of a softened rental market for top-end A Grade offices in the Central Business District "CBD". On the other hand, office demand for vacancies outside the CBD area continued due to the limited office supply in the CBD area as well as the government's policy to redevelop this sub-market. This trend is expected to continue and the Kowloon East area is the next area of focus given the size of the market, and the series of infrastructure and town planning initiatives promoted by the government.

Office Rent and Price Indices Movement in Hong Kong (Grade A office)



1999=100
Source: Hong Kong Rating and Valuation Department



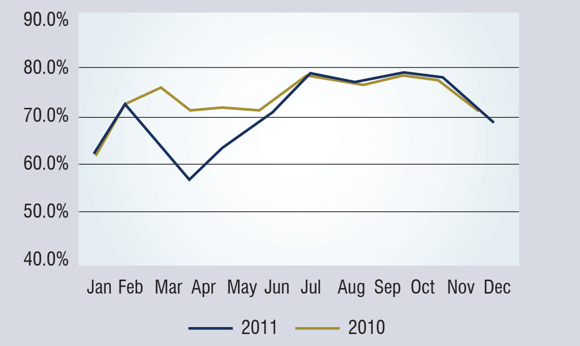
Hotel Market in Japan

In 2011, Japan's hotel industry contended with the after effects of the 3.11 disaster which had dramatically reduced the number of tourists from overseas, as well as domestic tourists. The drop in number of overseas tourists was significant, as they refrained from visiting Japan due to the fear of nuclear radiation. The number of business travellers was also affected by a slowdown of economic activities in Japan. As a result, hotel occupancy rates dropped significantly in March and April. It is said that the occupancy rate of major hotels in the central Tokyo dropped from 70-80 % level before the 3.11 disaster to just above 40% after the disaster.

However, the average hotel occupancy rate began to pick up from the middle of the year, and recovered to almost the same level as 2010 towards the end of the year, with foreign visitors coming back and businesses getting back to normal.

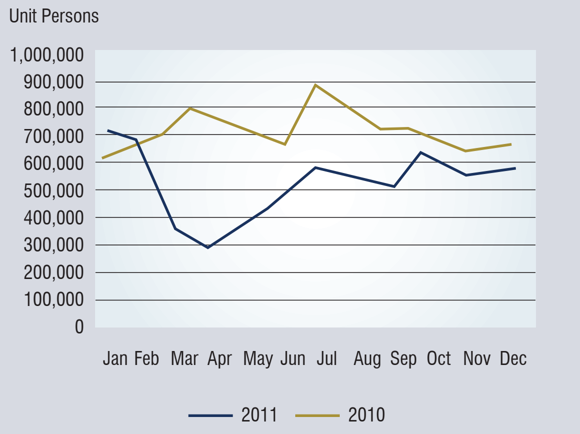
As a general trend, the earning power of full facility hotels with function rooms and Food and Beverage services is still adversely affected under the sluggish Japanese economy, while limited service hotels which just concentrate on accommodation are actively expanding their business.

Hotel Occupancy Rate in Japan (Nationwide Hotel Average)

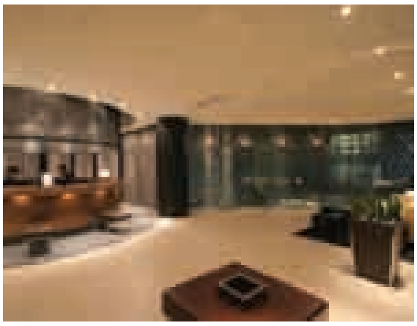


Source: Ohta Publications "Shuukan Hotel Restaurant" Volume 47-4

Number of Foreign Visitor Arrival at Japan

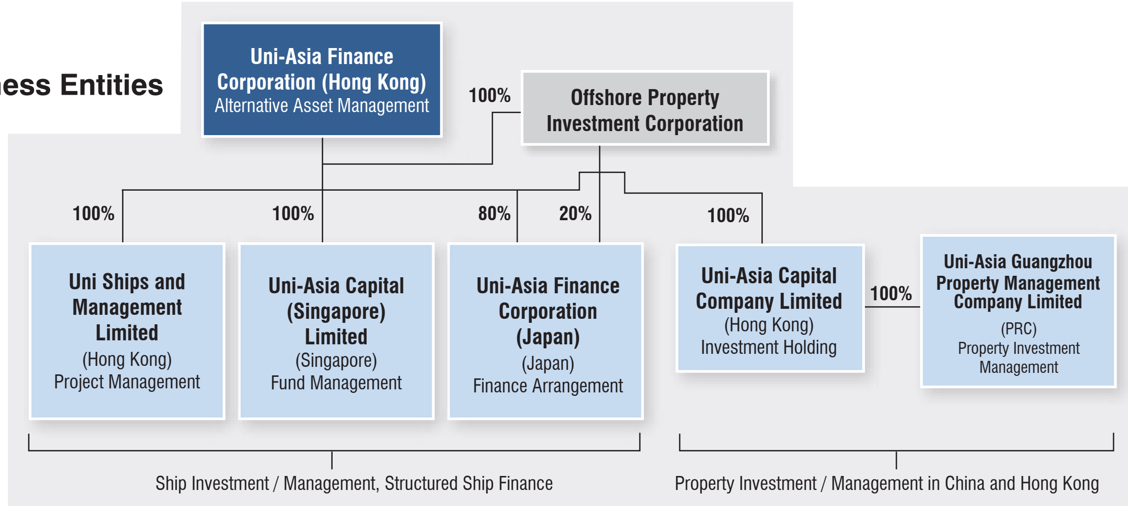


Source: Japan National Tourism Organization (JNTO)
Note1: The numbers for Jan-Nov 2011 are provisional.
Note 2: The number for December 2011 is preliminary figure estimation by JNTO



Investment / Management of Vessels and Properties, Structured Ship Finance

Business Entities



Ship Investment / Management

Our strategic focus on this business segment is: i) to increase the size of assets under management by producing investment opportunities in vessels for other investors through an investment fund or in the form of co-investment so as to strengthen our recurrent income base of asset management and administration fee income, and ii) to provide integrated services including asset management, finance arrangement, brokerage and ship management services.

We currently manage one private ship investment fund ("Akebono Fund"), and also invest in it as one of the sponsors. The Akebono Fund owns six vessels being operated at sea. Established in 2007, the Akebono Fund takes advantage of the Approved Shipping Investment Enterprises status given by Maritime & Port Authority of Singapore under Maritime Finance Incentive ("MFI") scheme. As part of this arrangement, Uni-Asia Capital (Singapore) Limited, a wholly owned subsidiary of the Company, was granted the status of Approved Shipping Investment Manager under the MFI scheme, and acts as the ship investment manager.

Other than the Akebono Fund, we have also invested in four vessels with other investors in which our shareholding interest is not more than 50%. We also provide management and administration services for this vessel co-investment portfolio. In 2011, one vessel was delivered and all four co-invested vessels are currently operating at the sea.

Vessel Investment List (Ship Investment Fund / Co-Investment)

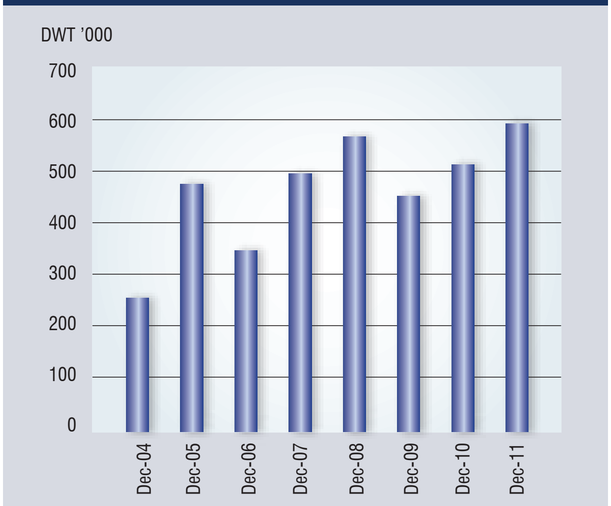
	Type	Capacity	Year of Built	Ship yard	Charter Period (2008–2018)	Charterer	TC/BBC
Investment in Ship Investment Fund							
1	Bulker	32,700 DWT	2003	Kanda		NYKGB	TC
2	Product Tanker	47,094 DWT	2004	Onomichi		TORM	TC
3	Product Tanker	50,000 DWT	2010	Onomichi		Norden	TC
4	Container	3,500 TEU	2007	Hyundai Mipo		Evergreen	BBC
5	Container	3,500 TEU	2007	Hyundai Mipo		Evergreen	BBC
6	Container	3,500 TEU	2007	Hyundai Mipo		Evergreen	BBC
Co- Investment							
7	Bulker	37,300 DWT	2011	Imabari		MOL	TC
8	Bulker	29,200 DWT	2009	Y-Nakanishi		NYKGB	TC
9	Container	4,300 TEU	2007	Hyundai Mipo		Evergreen	TC
10	Container	4,300 TEU	2007	Hyundai Mipo		Evergreen	TC

As of 31 Dec 2011   Charter Contract   BBC = Bare Boat Charter   TC = Time Charter

OUR BUSINESS
NON-CONSOLIDATED UNI-ASIA FINANCE CORPORATION GROUP

We expect good investment opportunities to arise for the acquisition of vessels at a competitive price in the depths of a sluggish market due to the anticipated slowdown of the global economy. We will try to materialise these investment opportunities by inviting other investors to participate, if appropriate.

Tonnage of Vessels Under Management



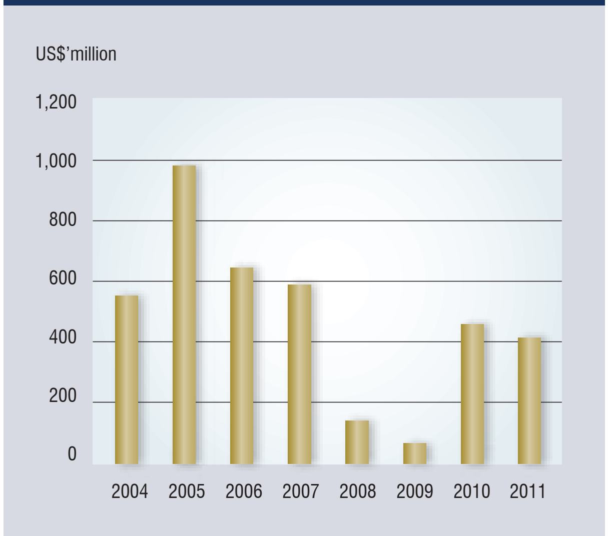
Above includes vessels owned by Uni-Asia Shipping Limited and vessels under construction

Structured Ship Finance arrangement

As we are originally a structured finance arranger for the transportation industry, we provide ship finance arrangement for clients including our ship investment fund and other co-investors.

In 2011, we successfully arranged ship finance deals for a third party's vessel acquisition. We believe our strong and close connection with global financial institutions including financiers in Asia enables us to promote ship finance arrangements despite the headwinds of an unstable global financial market caused by Eurozone sovereign debt crisis.

Value of Structure Finance Arrangement



Integrated ship investment related services

In relation to ship investment / management mentioned earlier, we also provide the following services for ship owners, in addition to asset management and ship finance arrangement services:

- Charter brokerage service
- Vessel brokerage service
- Ship management service

With these service functions, we are providing one-stop ship investment-related services to our clients, which allows us to multiply our income opportunities for each vessel investment by our customers.

Property Investment / Management in China and Hong Kong

Leveraging on our wide business network and accumulated experience, our Property Investment Department in Hong Kong explores property investments in China and Hong Kong.

1) Office redevelopment project in Kowloon East, Hong Kong

This project is a joint investment project between First Group Holdings Limited ("First Group"), one Japanese investor and ourselves to redevelop an old industrial building into a 32 storey office building in Kwun Tong, Kowloon East, Hong Kong ("Redevelopment Project"). First Group is an experienced Hong Kong property development group. The Redevelopment Project is located in the industrial area near the previous Hong Kong international airport, which is now in the limelight as many industrial buildings eligible for wholesale conversion are located there and the government has decided to convert the area into a second CBD via various infrastructure developments and town planning initiatives. We have effective interest of 10.2% in this Redevelopment Project.

The demand for office space outside the current CBD is expected to be firm with the ongoing decentralisation effort by the Hong Kong government due to limited office space supply in the CBD. This Redevelopment Project is in response to the increasing demand of office space from cost-conscious companies such as multinational manufacturers, logistic companies, trading companies and PRC companies.

The Redevelopment Project is progressing smoothly and it is expected to be completed in the second quarter of 2013. The building will be sold by floor even before the completion, depending on the market situation. We are continuing to look for a second property investment project in Hong Kong.

2) Investment in 14 Office Units in Guangzhou, China-China Shine Plaza

In 2007, we acquired 14 office units in China Shine Plaza with a total gross floor area of 1,320 sqm. On the back of a strong demand in the market, all the office units were and are still leased out to third parties. For the moment, we will keep leasing out all the units, as long as we think it most appropriate.

3) Support service for cross-border investment

We provide administration services to one of the largest trading houses in Japan for its investment in China. As a similar case, we support a Japanese corporate investor for its joint investment in our Hong Kong office redevelopment project by providing administrative services. We are enhancing our service function for Japanese investors who are seeking for investment opportunities in China including Hong Kong, and non-Japanese investors who are seeking for investment opportunities in Japan from outside of Japan.

4) Collaboration with Capital Advisers for new property investments

To produce a synergistic effect on property investment and management business as a group, our Property Investment Department and Capital Advisers, which leads property investment and management in Japan, are working together closely. As an initiator of new investments in Japan, Capital Advisers finds the investment opportunities and arranges the deal, whereas the Property Investment Department invests in as a principal investor mainly through Uni-Asia Capital Company Limited, a wholly owned property investment subsidiary of the Company. With this arrangement, we can streamline the investment function and service providing function for new investment opportunities. In 2011, Capital Advisers arranged a small residential property development project in Tokyo in which we invested in. This residential property is being developed for wealthy individual investors who are looking for reasonably sized investment opportunities. We are planning to sell this property to other investors with the help of Capital Advisers.

Ship Owning and Chartering

Business Entities

After the Global Financial Crisis, which started in 2008, commercial vessel prices had dropped significantly and are still hovering at the lower level. As such, it would be a good opportunity to accumulate a portfolio of vessels at a competitive price. We established Uni-Asia Shipping Limited in 2010, to start our ship owning business with a 100% or majority interest, so as to take advantage of this business environment. We focus on the handysize bulk carrier sector as the market is less volatile for this type of vessel and is suitable for long-term ship owning. For our quick decision and action to realise good opportunities, we prefer to invest with a majority or 100% interest rather than waiting for other investors to be ready. This strategy also increases recurrent charter income which contributes to the stabilisation of our income structure. When the opportunities arise, we may consider inviting other parties to invest in this vessel portfolio under Uni-Asia Shipping. This will enable further expansion, by reforming the portfolio into joint investments, a private ship investment fund or any other structure. As of today, we have acquired five vessels under Uni-Asia Shipping, out of which three vessels were delivered in 2011. We will continue to expand this vessel portfolio in the near term. Our strong and close connection with global financial institutions including financiers in Asia supports our funding for vessel acquisition projects.

The business combination of ship investment / management by the business segment of Non-consolidated Uni-Asia Finance Corporation and the ship owning / chartering business through Uni-Asia Shipping enables us to survive and expand our business flexibly, in tandem with market conditions, even at the bottom of the industrial cycle. This is because the expanded vessel portfolio would boost our recurrent income base and make up for a decrease in one-off fee income in times of a difficult economic environment. Going forward, we will balance these two business segments and enhance our function as an integrated ship related service provider.

Vessels owned by Uni-Asia Shipping

	Type	Capacity	Year of Built	Ship yard	Charter Period (2008–2018)	Charterer	TC/BBC
1	Bulker	29,000 DWT	2011	Y-Nakanishi		Pacific Basin	TC
2	Bulker	29,100 DWT	2012	Y-Nakanishi	Delivery Scheduled	Pacific Basin	TC
3	Bulker	37,000 DWT	2013	Onomichi	Delivery Scheduled	Not fixed yet	TC
4	Bulker	28,709 DWT	2007	Shin-Kurushima		Daiichi Chuo Kisen	TC
5	Bulker	28,300 DWT	2001	Kanda		Daiichi Chuo Kisen	TC

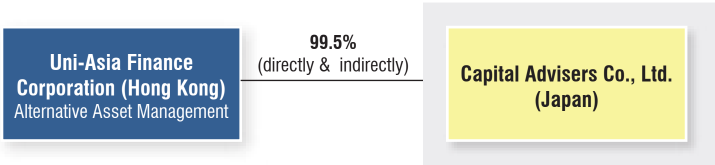
As of 31 Dec 2011

Before Delivery TC = Time Charter

Charter Contract

Investment / Management of Properties in Japan

Business Entities



Property investment and management in Japan is led by Capital Advisers, our 99.5% subsidiary in Japan. Our asset management portfolio under Capital Advisers mainly comprises residential property funds and hotel funds. We have also invested a small portion of equity in those private property funds as a co-investor, which demonstrates our commitment to other investors.

Investment and Management of Residential Property

We started our residential fund business with Asian investors in 1999. Currently, our asset management portfolio consists of large or medium-sized high-quality properties and small-sized stylish designer apartment properties.

Assets Under Management (Residential Property)
As at 31 Dec 2011

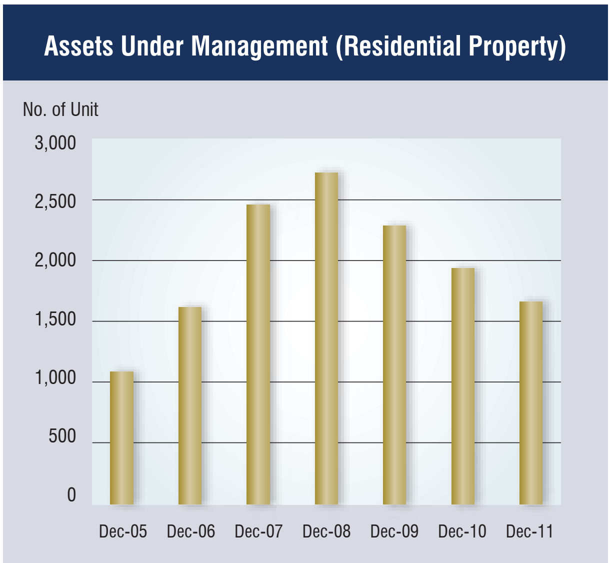
Assets Type	Number of Building	Number of Unit
Large/Medium-Sized	33	1,556
Small Sized	6	136
Total	39	1,692

Above includes the Group's own investment project and properties under development

With regard to large or medium-sized residential properties, the GCAP Fund and the Stable Fund are core assets of our portfolio. The GCAP Fund was established in 2004 with Grosvenor Fund Management Japan Limited, a subsidiary of the Grosvenor Group in UK, whereas the Stable Fund was established in 2005 as a joint project among Grosvenor Fund Management Japan Limited, Diamond Realty Management Inc, a wholly owned subsidiary of Mitsubishi Corporation, and Capital Advisers.

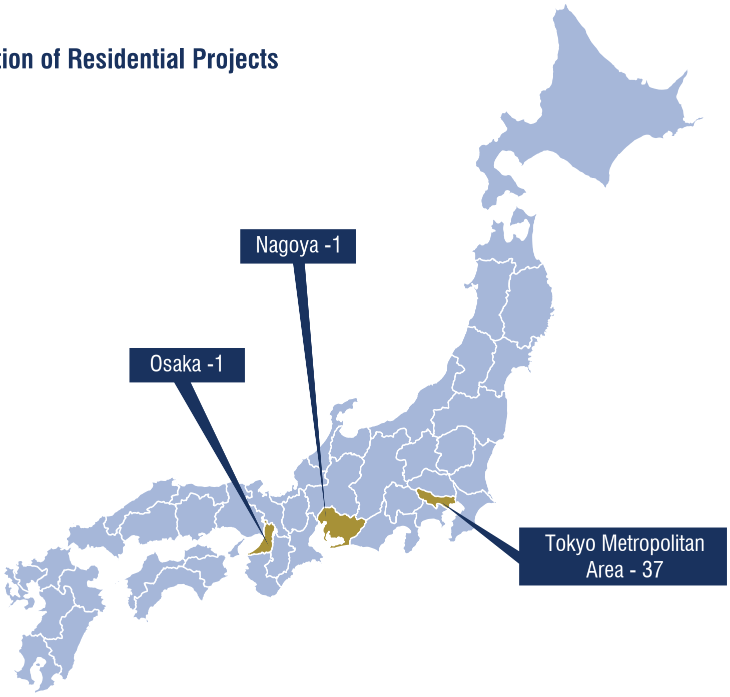
We branched out into small-sized residential fund in 2004 and had managed 60 properties in those small-sized residential funds at our peak. Most of the properties are located in the Tokyo metropolitan area, where the population is expected to grow. These properties are a collection of small apartments and located at a walking distance from train station where the majority of the tenants are single working men and women.

In 2011, a total of 10 properties had been disposed and the size of the asset management portfolio was reduced.



Above includes the Group's own investment project and properties under construction

Location of Residential Projects



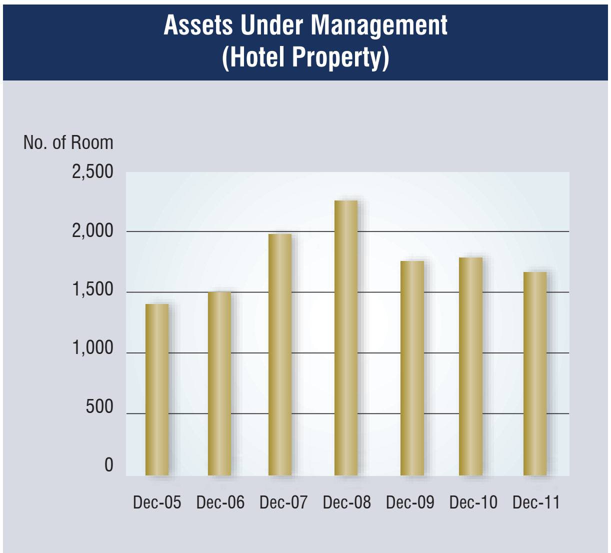
Investment and Management of Hotel Property

As a pioneer asset manager for a hotel fund, we had been accumulating our experiences in this business. As at 31 December 2011, we work as an asset manager for eight hotel properties, including one hotel which we wholly own.

List of Asset Under Management (Hotel Property)
As at 31 Dec 2011

Hotel Name	No. of Building	No. of Room	Hotels Opearated by Uni-Asia Hotels Group	Capital Adviser's Equity Investment
Toyocho Vista Hotel	1	144	Y	Y
Hotel Vista Shimizu	1	152	Y	Y
Hotel Vista Atsugi	1	165	Y	Y
Hotel Vista Kumamoto Airport	1	139	Y	Y
Hotel Vista Ebina	1	176	Y	Y
Hotel Vista Grande Osaka	1	304	Y	N
Hotel Vista Kyoto Hachijohguchi	1	215	Y	Y
Others	1	389	N	N
Total	**8**	**1,684**		

Above includes Capital Advisers' own investment project



Above includes Capital Advisers' own investment project and properties under construction
The numbers in Dec 2010 and Dec 2011 include a building complex with hotel area

Integrated Property Investment Related Service

In addition to our asset management service, we also provide the following services in relation property investment.

1) Investment Advisory

At the start of the investment, we support investors for their decision-making by providing required information.

2) Solution Providing Advisory

We provide support to a property investment fund to solve the problems that it faces. Leveraging on our experience as an asset manager, we provide advice on restructuring the fund structure, cash flow management, disposal strategy and other fund related issues to improve the performance of the fund.

3) Small Residential Property Development Project Advisory

Leveraging on our experience as an asset manager of a number of residential property developments, we advise our clients on the optimal unit mixture and quality control. We also make proposals for the purpose of the minimisation of development costs during construction.

4) Brokerage Service

In 2011, we successfully completed two brokerage transactions of hotel assets in Japan. Though they were domestic transactions, we are also able to bridge the investors and the property owner who desire to dispose the property on cross-border basis. With our group's network extended overseas, mainly to Asia, we support investors located out of Japan, in response to increasing overseas investors' interest in properties in Japan.

5) Finance Arrangement Service

In the process of investment, we provide finance arrangement service to support our investors' financing strategy.

Now positioned as a unique service company, Capital Advisers is going to focus on its integrate service function in relation to property investment, given increasing demands from its clients.

Joint Investment Project with UAF Property Investment Department

As an integrated service provider, Capital Advisers finds and develops invest opportunities for investors. Depending on the situation, the Company will solely invest in as an incubator function by the arrangement of Capital Advisers. With this collaboration, Capital Advisers is able to focus on providing its integrated service function with efficient utilisation of management resources, while the Company, through Property Investment Department in Hong Kong, invests in as a principal investor. In 2011, Capital Advisers initiated and arranged one small residential property development project in which the Company invested. This residential property is for wealthy individual investors who are looking for reasonably sized investment opportunities. The Company is going to sell this investment portfolio to either Japanese or non-Japanese investors. We focus on this type of small residential development project because, 1) Capital Advisers has ample experience in dealing with similar residential project for the past several years, 2) there is solid demand by aged wealthy individuals for the acquisition of en-bloc small residential properties and 3) the supply and demand of this size of residential properties is expected to be well-balanced in the medium and short term.

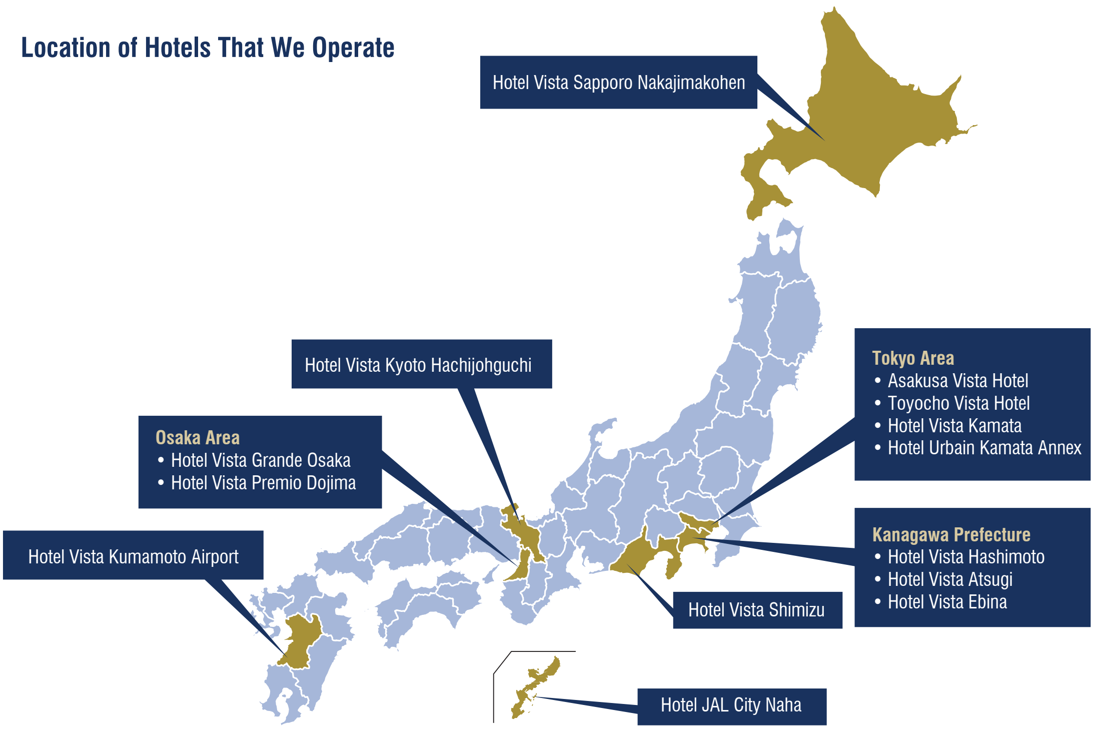
Hotel Operation

Business Entities

In 2011, we carried out the restructuring of the shareholding of our hotel operating subsidiaries. With this restructuring, we segregated our hotel operation business from Capital Advisers, and we currently operate 14 hotels in Japan via hotel operating subsidiaries under Uni-Asia Hotels Limited, a newly established holding company in Hong Kong. Among the 14 hotels we operate, 12 of which are operated under the "Hotel Vista" brand nationwide. These are boutique type limited service hotels targeted at business travelers and tourists who require quality hotel accommodation at reasonable prices.

Our hotel operation was affected by the aftermath of the 3.11 disaster. Total turnover of 13 hotels that we operate for the full FY2011 dropped by 13% to JPY944 million in the 2nd quarter 2011, from JPY1,085 million in the same period of 2010 (As we only started to operate Hotel JAL City Naha in October 2011, its small contribution to turnover was excluded for year on year comparison purposes). However, our hotel performance showed a strong recovery in the second half of the year and the total turnover has in fact almost recovered to the levels of last year, due to our business promotion efforts supported by the recovery of economic activities and tourism in Japan.

Location of Hotels That We Operate



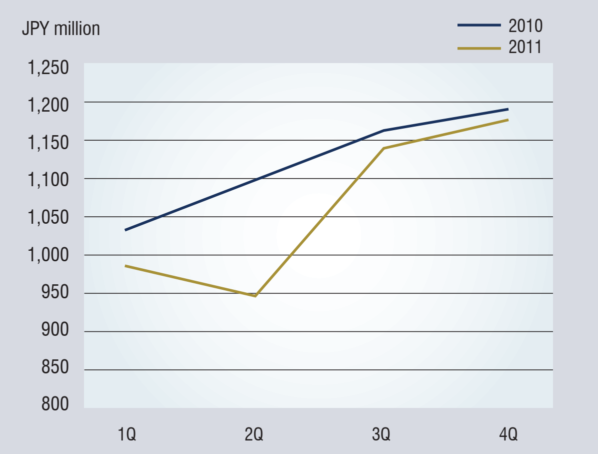
List Of Hotels We Operate

	Hotel	Location	Ownership	No. of Rooms	Business Type*	Opening/ Acquisition	Original Opening	Major Customers
1	Asakusa Vista Hotel	Asakusa, Tokyo	Trust in Australia	136	Lease	August-05	December-86	Tourist
2	Toyocho Vista Hotel	Toyocho, Tokyo	Private Fund	144	Operation	August-05	July-92	Business traveller
3	Hotel Vista Kamata	Kamata, Tokyo	J-REIT	106	Lease	June-06	May-91	Business traveller
4	Hotel Urbain Kamata Annex	Kamata. Tokyo	J-REIT	70	Lease	June-06	May-04	Business traveller
5	Hotel Vista Sapporo Nakajima Kohen	Sapporo, Hokkaido	Corporate Ownership	113	Lease	December-06	-	Business traveller
6	Hotel Vista Shimizu	Shimizu, Shizuoka	Private Fund	152	Lease	March-07	-	Business traveller
7	Hotel Vista Premio Dojima	Dojima, Osaka	Private Fund	141	Operation	August-07	August-90	Business traveller
8	Hotel Vista Hashimoto	Hashimoto, Kanagawa	J-REIT	99	Lease	August-07	December-86	Business traveller
9	Hotel Vista Atsugi	Atsugi, Kanagawa	Private Fund	165	Operation	September-07	-	Business traveller
10	Hotel Vista Kumamoto Airport	Kumamoto, Kumamoto	Capital Advisers	139	Own/operation	January-08	-	Business traveller
11	Hotel Vista Ebina	Ebina, Kanagawa	Private Fund	176	Lease	October-08	-	Business traveller
12	Hotel Vista Grande Osaka	Soemoncho, Osaka	Private Fund	304	Lease	November-08	-	Tourist
13	Hotel Vista Kyoto Hachijohguchi	Kyoto, Kyoto	Private Fund	215	Operation	June-09	-	Tourist
14	Hotel JAL City Naha	Naha, Okinawa	J-REIT	304	Lease	October-11	June-06	Tourist
	Total			2,264				

*Business Type - Lease: Our hotel operating subsidiary leases-in the hotel from the owner and operates. Operation: Our hotel operating subsidiary operates the hotel under the operating contract.
As for Asakusa Vista Hotel, a lease contract will not be renewed at its maturity on 30 April 2012

Among the hotels we operate, four hotels operate under fixed amount lease contracts with the hotel owners, which force a larger amount of fixed lease payments even with the current difficult business environment. One of the hotel contracts had matured in 2011 and was temporarily extended for a short time period under better conditions. The remaining three lease contracts will become due in 2012 and 2013 respectively. If we cannot renew these fixed lease contracts with better conditions, we will terminate these contracts without extension so as to improve the profitability of our hotel operations.

Total Turnover of Hotels Under Our Operation



Note: Above numbers are the aggregate of turnover of 13 hotels that we operate excluding Hotel JAL City Naha, of which we have taken over hotel operation since October 2011. Turnover of each hotel is not equal to our hotel income for our accounting purposes.

On the other hand, we have in October 2011, successfully taken over the hotel operation business of Hotel JAL City Naha, in Okinawa Prefecture, which is a luxurious reputable hotel with over 300 rooms under the JAL brand. As Hotel JAL City Naha is located at a convenient place for tourists as well as business persons, we expect it to contribute to our hotel operations business. Leveraging on our good reputation as a hotel operator under our "Hotel Vista" brand, we will constantly promote our hotel operating business by increasing the number of hotels we operate, and by selecting profitable hotel operation contracts, so that we can enjoy more economies of scale.

As a group, we are positioning our hotel operating business as one of our core businesses and we are confident of improving its performance. As a part of our support within the group, Uni-Asia Hotels Limited in Hong Kong is closely working with one local travel agent to promote hotel sales to Hong Kong visitors to Japan. We will enhance our efforts to attract overseas tourists who visit Japan to the hotels which we operate, as the overseas tourism to Japan especially from Asian countries, is booming.

INVESTMENT APPROVAL AND RISK MANAGEMENT PROCESS

The Review Committee ("RC") which comprises the CEO, COO, Chief Investment Officer ("CIO") and the head of each business department, is a central function of the Company as it reviews and screens the proposed investments. Currently, the CEO and COO are the Chairman and the Vice Chairman of the RC respectively.

Process of new investment

There are three steps in the Company's internal investment approval process.

Step 1

After an initial discussion between the head of project team and the Chairman of the RC, a Concept Paper ("CP") is circulated to all RC members to seek approval for resources to be deployed to conduct a further analysis and processing of an Investment Project. Comments from RC members are consolidated by CIO and the head of the Investment Project is required to reply to these queries immediately.

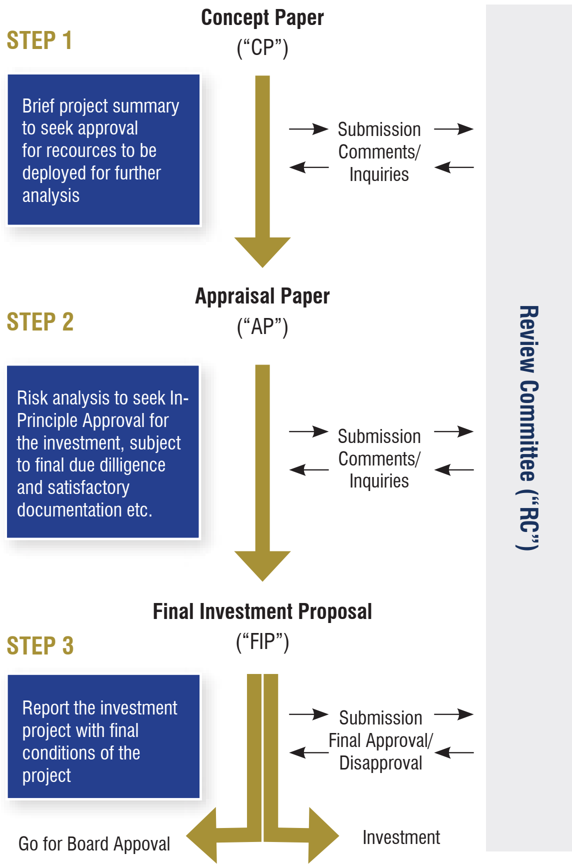
Step 2

After the approval obtained by the Chairman of RC on the CP, a full investment analysis is developed in an Appraisal Paper ("AP"), which includes detailed analysis of the proposed investment including a detailed program and timetable for the project, financial plan, financial projection, full identification of investment risk analysed by the project department, expected investment returns and exit strategy. The AP is reviewed and commented on by the RC members. The CIO coordinates to make sure that all RC members are satisfied with the investment structure and responses to major issues raised so as to seek the RC members' in-principle approval. In the event that it is impossible to achieve such a consensus, the Chairman of RC will make a decision on the appropriate action to be taken.

Step 3

After in-principal approval for the Appraisal Paper, a Final Investment Proposal ("FIP") is prepared for presentation to the Chairman of RC, reflecting the results of the due diligence on the projects and updated situation. The RC members then vote within seven days after submission of FIP to the Chairman. The final decision on the investment will be made by the Chairman and the Vice Chairman.

After the abovementioned process, the investment project is submitted to the Board for approval, if the size of the transaction amount exceeds management's discretionary limit.



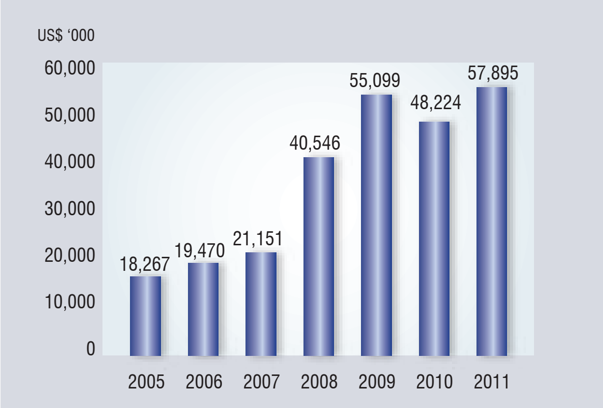
Monitoring of investment project

After the investment is made, the Company monitors each investment project closely. A quarterly Monitoring / Management Report is submitted to the Chairman of RC, so as to update the investment's operating results. Internal Rate of Return ("IRR") Report is also prepared to update on invest returns of the project, such as dividends, interest income, realised capital gain / loss and unrealised capital gain / loss. Each head of the investment project is responsible for financial risk management and above mentioned regular reports, and the CIO monitors and controls their report submission.

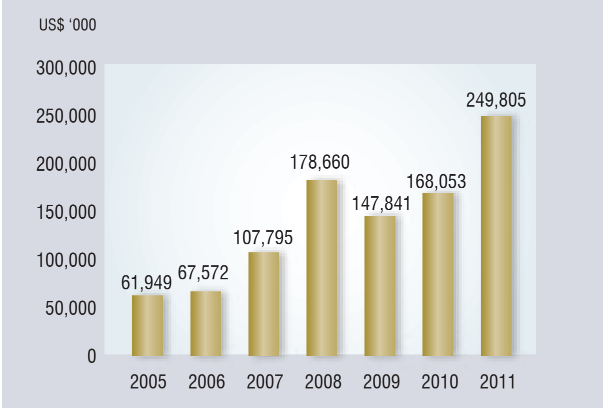
For more details on financial risk management, please refer to Note 31 of "Notes to the consolidated Financial Statements" on page 118.

FINANCIAL HIGHLIGHTS

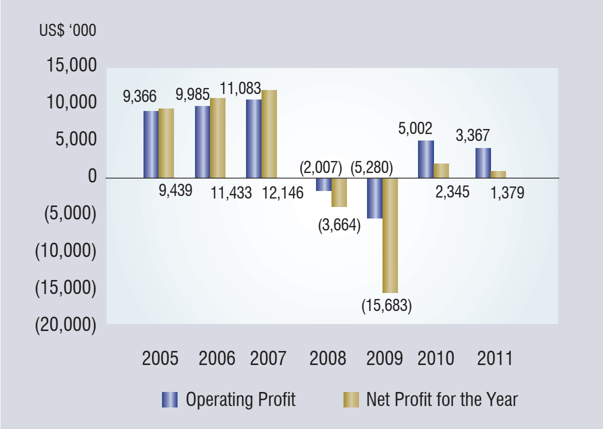
Total Income



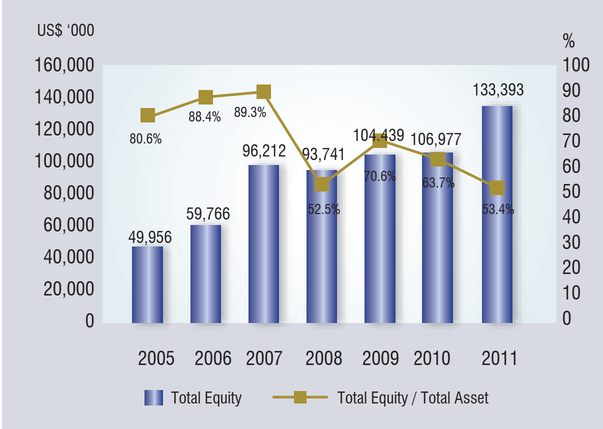
Total Assets



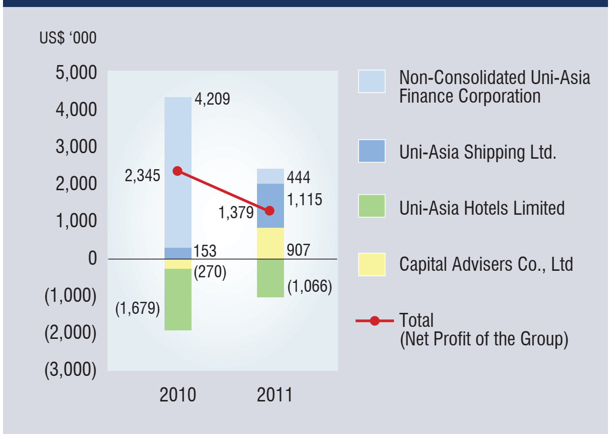
Operating Profit / Loss, Net Profit / Loss



Total Equity, Total Equity / Total Assets



Net Profit Breakdown by Business Segment



Cash Flow Summary

(US$ '000)	2011	2010
Cash & Cash equivalent (at the beginning of the period)	26,528	53,318
Cash in flow/ (out flow)		
Operating Activities	1,877	291
Investment Activities	(48,270)	(36,591)
Financial Activities	70,957	6,763
Effects of foreign exchanges	72	2,747
Cash and Cash equivalent (at the end of the period)	51,164	26,528

Other Statistics

	2011	2010
No of shares*	469,792,800	313,195,200
Earning per share (US Cents)	0.35	0.77
NAV per share (US$)	0.28	0.34

*as at 31 December

OPERATIONS REVIEW

Overview

For FY2011, the Group posted a net profit of US$1.4 million compared to net profit of US$2.3 million in FY2010. Total income increased by 20% to US$57.9 million for FY2011 from US$48.2 million in FY2010.

The Group's income is classified as fee income, hotel income, investment returns, interest income and other income.

Fee Income

Breakdown of fee income:

	FULL YEAR		
	2011 US$'000	2010 US$'000	% Change
Arrangement and agency fee	656	3,147	(79%)
Brokerage commission	3,663	1,488	146%
Incentive fee	-	21	N/M
Asset management & administration fee *	4,366	5,121	(15%)
Charter income	6,541	-	N/M
	15,226	9,777	56%

* Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as the asset manager of hotels and residential projects of US$3.0 million (FY2010: US$3.8 million).

Total Fee income amounted to US$15.2 million for FY2011.

Arrangement and agency fee income was US$0.7 million for FY2011 as compared to US$3.1 million for FY2010 due mainly to one-off structured finance arrangement fee earned in 2010.

Brokerage commission fee income increased to US$3.7 million in FY2011 from US$1.5 million in FY2010 as a result of a one-off US$2.2 million brokerage commission earned by Capital Advisers in FY2011.

Incentive fee is received when the assets managed by the Group are divested with a gain exceeding the hurdle rate and is calculated based on a predetermined profit sharing ratio. There were no incentive fees during the year.

Asset management and administration fee was US$4.4 million for FY2011 compared to US$5.1 million for FY2010 due mainly to the disposals of some assets managed by Capital Advisers.

Charter income from vessel owning subsidiaries totalled US$6.5 million following delivery of three vessels during the year.

Hotel Income

Hotel income refers to all income related to the Group's hotel business in Japan. As at 31 December 2011, there were fourteen hotels operated by the Group's hotel management subsidiaries in Japan. Hotel income, including hotel operator fee (as operator of the hotel) and all income received from hotels owned and leased by the Group, totalled US$36.8 million for FY2011 compared to US$35.7 million for FY2010.

Investment Returns

Breakdown of investment returns:

	FULL YEAR		
	2011 US$'000	2010 US$'000	% Change
Interest on performance notes – shipping	551	262	110%
Realized gain on investment – shipping	167	167	0%
Realized gain on investment – hotel and residential	139	171	(19%)
Realized gain on investment – distressed debt	-	339	N/M
Realized gain on listed shares – others	48	39	23%
Property rental income	608	608	0%
Fair value adjustment on investment properties	1,241	391	217%
Fair value adjustment on investment – hotel and residential	1,024	(841)	222%
Fair value adjustment on investment – shipping	(370)	1,785	(121%)
Fair value adjustment on investment – industrial/ office property	1,450	-	N/M
Fair value adjustment on performance notes – shipping	(525)	(2,879)	82%
Fair value adjustment on performance notes – distressed debt	1	16	(94%)
Fair value adjustment on listed shares – others	(47)	67	(170%)
Net gain on forward currency contracts	47	107	(56%)
	4,334	232	1768%

Investment returns was US$4.3 million for FY2011 compared to US$0.2 million for FY2010.

Investment returns of US$4.3 million for FY2011 comprised mainly of

(i) fair value gain of US$1.5 million from the investment in the industrial/ office property;

(ii) fair value gain of US$1.2 million from the investments in investment properties in Guangzhou, PRC;

(iii) fair value gain of US$1.0 million from the investments in hotel and residential in Japan; and

(iv) property rental income of US$0.6 million.

OPERATIONS REVIEW

Group Expenses

Total operating expenses was US$54.5 million for FY2011 as compared to US$43.2 million in FY2010. Employee benefits expenses increased by US$1.5 million. Amortisation and depreciation increased by US$1.6 million from US$0.9 million in FY2010 to US$2.5 million in FY2011 due primarily to depreciation of vessels delivered in FY2011. Vessel operating expenses arising from the new vessels amounted to US$2.3 million for FY2011. The Group's other operating expenses was US$33.8 million for FY2011 compared to US$33.6 million for FY2010. Strengthening Japanese Yen resulted in a net foreign exchange loss of US$1.0 million in FY2011 for the Group due mainly to the Group's Japanese Yen loan exposure.

Finance cost for FY2011 was US$1.7 million as compared to US$1.2 million for FY2010 due mainly to an increase in borrowing to finance the new vessels. Tax expenses were US$0.2 million.

Net Profit for the Year

The Group's net profit after tax was US$1.4 million for FY2011 compared to US$2.3 million in FY2010.

From left
Mr Kazuhiko Yoshida
Mr Michio Tanamoto
Mr Masaki Fukumori

Mr Kazuhiko Yoshida

Date of appointment as Director	:	17 March 1997
Date of last re-election	:	Executive Director is not subject to retirement by rotation (Article 100 of the Company's Articles of Association)
Nature of Appointment	:	Chairman and Chief Executive Officer
Board Committees served on	:	Member of the Nominating Committee since 26 June 2007

Mr Kazuhiko Yoshida was appointed as Chairman of the Group on 19 March 2008. He is concurrently the Chief Executive Officer, Director and one of the founders who established the Company in 1997. Mr Yoshida is responsible for business development and the overall management of the Group. He has over 32 years of experience in banking and credit analysis, specialising in structured finance of maritime vessels and aircraft. Between 1986 and 1992, he was a senior manager in The Sumitomo Trust and Banking Co., Ltd. following which, he was a director/deputy general manager of Takugin International (Asia) Limited, the offshore merchant banking arm of The Hokkaido Takushoku Bank, Ltd. from 1992 to 1997. Takugin International (Asia) Limited provided structured finance solutions for the aviation and shipping industries, provided project financing for construction of properties, including hotels and buildings and also provided corporate financing to Chinese financial institutions and other corporations. Mr Yoshida is also currently a director of the company's subsidiaries, including Uni-Asia Capital (Singapore) Limited, Uni-Asia Finance Corporation (Japan), Uni-Asia Shipping Limited, Uni-Asia Capital Company Limited and Uni-Asia Hotels Limited. Mr Yoshida obtained a bachelor's degree in engineering from Hokkaido University in Japan in 1976.

Mr Michio Tanamoto

Date of appointment as Director	:	17 March 1997
Date of last re-election	:	Executive Director is not subject to retirement by rotation (Article 100 of the Company's Articles of Association)
Nature of Appointment	:	Executive Director and Chief Operating Officer

Mr Michio Tanamoto is the Chief Operating Officer, Director stationed in Singapore and one of the founders who established the Company in 1997. Mr Tanamoto is responsible for the Group's business development, corporate strategy, finance and investor relations. He has over 31 years of experience in financial sector based in Japan, Hong Kong and Singapore. In 1980, Mr Tanamoto joined The Hokkaido Takushoku Bank, Ltd. and was a senior manager of Takugin International (Asia) Limited in Hong Kong, the offshore merchant banking arm of The Hokkaido Takushoku Bank, Ltd. between 1988 and 1993. Following which, Mr Tanamoto was a deputy general manager of the Singapore Branch of The Hokkaido Takushoku Bank, Ltd. from 1995 to 1997. Mr Tanamoto is also currently Managing Director of Uni-Asia Capital (Singapore) Limited and Chairman of Capital Advisers Co., Ltd. He is also a director of the Company's subsidiaries including Uni-Asia Finance Corporation (Japan), Uni Ships and Management Limited, Uni-Asia Capital Company Limited and Uni-Asia Shipping Limited. He obtained a bachelor's degree in law from Hitotsubashi University of Japan in 1980.

Mr Masaki Fukumori

Date of appointment as Director	:	1 March 2012
Date of last re-election	:	Executive Director is not subject to retirement by rotation (Article 100 of the Company's Articles of Association)
Nature of Appointment	:	Executive Director

Mr Masaki Fukumori was appointed as the Executive Director on 1 March 2012. He is currently responsible for both the group's Structured Finance and Maritime Investment Departments. He took up the position as Chief Executive Officer of Uni-Asia Shipping Limited, a new group subsidiary in accordance with the expansion of Maritime business. Mr Fukumori joined our Group in August 1997 and acted as Head of our Structured Finance Department. He initiated the Maritime Investment Department in 2002 and has headed the Maritime Investment Department till to date. He has extensive

BOARD OF DIRECTORS

From left
Mr Ang Miah Khiang
Mr Ronnie Teo Heng Hock
Mr Rajan Menon
Mr Wu Kuang-hui

experience in marketing and syndication in the banking industry specialising in the shipping and aviation sectors spanning over 27 years as well as ship investment and investment management. Between 1985 and 1993, he was a marketing manager at The Hokkaido Takushoku Bank, Ltd. After which, he was a senior marketing manager at Takugin International (Asia) Limited from 1993 to 1997. He is currently a director of Uni Ships and Management Limited, Uni-Asia Shipping Limited, Uni-Asia Hotels Limited, and other ship owning companies in which the Company invests. He is also a director of Tenshodo KK, which is his family owned company. Mr Fukumori holds a bachelor's degree in business administration from Yokohama National University obtained in 1985.

Mr Ang Miah Khiang

Date of appointment as Director	:	26 June 2007
Date of last re-election	:	27 April 2010
Nature of Appointment	:	Lead Independent Non-Executive Director
Board Committees served on	:	Chairman of the Audit Committee since 26 June 2007 Member of the Nominating and Remuneration Committees since 26 June 2007

Mr Ang Miah Khiang was appointed as our Independent Director on 26 June 2007 and has been taking the position of a Lead Independent Director since 19 March 2008. He spent the greater part of his career in the SME financing business, having held the position of Managing Director of GE Commercial Financing (Singapore) Ltd, formerly known as Heller Financial (S) Ltd. He was also concurrently regional director for GE related businesses in Asia Pacific. More recently, he was Director, Corporate Advisory of Stone Forest Corporate Advisory Pte Ltd.

Mr Ang is a Fellow of the Institute of Certified Public Accountants of Singapore and holds a bachelor of accountancy degree from the University of Singapore. The listed companies with which he was a director over the preceding three years include Asia Enterprises Holding Ltd, Avaplas Ltd, and Heng Long International Ltd.

Mr Ronnie Teo Heng Hock

Date of appointment as Director	:	26 June 2007
Date of last re-election	:	24 April 2009
Nature of Appointment	:	Independent Non-Executive Director
Board Committees served on	:	Chairman of the Nominating Committee since 26 June 2007 Member of the Audit and Remuneration Committees since 26 June 2007

Mr Ronnie Teo is currently Managing Director of Financial Reengineering Pte Ltd, a management consulting firm specializing in providing management and investment advisory services. Mr Teo was previously Managing Director of DBS Asset Management Ltd and General Manager of DBS Finance Limited. Mr Teo holds a bachelor of social sciences (Honours) degree in economics from the then-University of Singapore.

Mr Teo is concurrently an independent director of Berger International Holdings Ltd, Shanghai Asia Holdings Ltd, EnGro Corporation Limited and Yeoman 3-Rights Value Asia Fund. His directorship over the preceding three years includes being an independent director of Sunvic Chemical Holdings Ltd, Behringer Corporation Ltd and Berger Paints (S) Pte Ltd.

Mr Rajan Menon

Date of appointment as Director	:	18 April 2008
Date of last re-election	:	26 April 2011
Nature of Appointment	:	Independent Non-Executive Director
Board Committees served on	:	Chairman of the Remuneration Committee since 18 April 2008 Member of the Nominating and Audit Committees since 18 April 2008

Mr Rajan Menon graduated from University of Singapore in 1971 with bachelor of laws (Honours). He was admitted as an Advocate & Solicitor of the Supreme Court of Singapore in 1973 and is a solicitor of the Supreme Court of England & Wales. He is also a fellow of the Chartered Institute of Arbitrators, United Kingdom, the Singapore Institute of Arbitrators, the Malaysian Institute of Arbitrators and the Singapore Institute of Directors respectively. He is currently a Senior Partner with RHT Law LLP.

He was conferred the Public Service Medal (Pingat Bakti Masyarakat, PBM) by the President of the Republic of Singapore. He is the Chairman of the Remuneration Committee and a member of the Audit Committee of Berger International Limited. He is a Director of Manulife (Singapore) Pte Ltd (where he is a member of the Audit Committee), Chartered Institute of Arbitrators (Singapore) Limited, Special Olympics Asia Pacific Ltd, Tangreat Investments Pte Ltd, Rhaaei Investment Holding Pte. Ltd. and RHT Law LLP respectively.

His directorship of listed companies over the preceding three years includes independent director of Berger International Limited.

Mr Wu Kuang-hui

Date of appointment as Director	:	31 December 2010
Date of last re-election	:	26 April 2011
Nature of Appointment	:	Non-Executive Director
Board Committees served on	:	Member of the Audit Committee since 31 December 2010

Mr Wu Kuang-hui joined Evergreen Group in 1987 and has been Chief Financial Officer of Evergreen Group and Evergreen Marine Corporation (Taiwan) Ltd. since December 2010. His in-depth knowledge and well extensive experience in various finance positions help re-shape and thrive business support functions within Evergreen Group. He was engaged in Evergreen Group international hotel business including Hong Kong, Taichung, Bangkok, Paris and Panang. He was involved in container port business including Colon in Panama, Taranto in Italy, Vungtau in Vietnam and also Evergreen Sky Catering Corporation, Group Captive Reinsurance Company, and cross-border shipping M&A in Italia Marittima S.p.A. (formerly known as Lloyd Triestino Di Navigazion S.p.A.) in Italy from 1988 to 1999. Before joining Evergreen Marine Corp. (Taiwan) Ltd., he has been Chief Financial Officer of EVA Airways Corporation from 2002 to 2010. He has not been director of any other listed companies over the preceding three years. Mr Wu received a MBA under National Sun Yat-Sen University in1987 and a bachelor degree from Tunghai University in 1983.

KEY STAFF

Left Column
Mr Masahiro Iwabuchi
Mr Yukihiro Toda
Mr Zac K. Hoshino
Mr Lim Kai Ching
Mr Matthew Yuen Wai Keung
Mr Makoto Tokozume
Mr Kitaro Onishi

Right Column
Mr Katsuro Ouchi
Mr Kenji Fukuyado
Ms Clementine Ng
Mr Hiromasa Yakushiji
Mr Itsuro Kurokawa
Ms Kam Siu Lin
Mr P Philip Philips

Mr Masahiro Iwabuchi

Executive Vice President

Mr Masahiro Iwabuchi was appointed as the Executive Vice President responsible for the Property (and Distressed Asset) Investment Department in April 1998. He has extensive experience in the banking industry throughout Asia including Japan, Indonesia, Singapore, Hong Kong and the PRC, having spent some 13 years with The Hokkaido Takushoku Bank, Ltd. He has accumulated a property investment expertise in PRC, Japan and Hong Kong afterwards. He is also currently a director of Uni-Asia Guangzhou Property Management Co., Ltd, UNI SALA Capital Investment Ltd, Uni-Asia Hotels Limited and some asset holding companies in which the Company invests. He completed Licensing Examination for HKSI Specialist Certificate (Asset Management, Corporate Finance, Derivatives and Securities). Mr Iwabuchi graduated with a bachelor's degree in economics from Hirosaki University of Japan in 1985. In addition to Japanese, Mr Iwabuchi speaks fluent Mandarin.

Mr Katsuro Ouchi

President of Vista Hotel Management Co., Ltd.

Mr Katsuro Ouchi was appointed as President of Vista Hotel Management Co., Ltd. in October 2009 and is currently responsible for hotel operation business in Japan. Mr Ouchi has over 38 years of experience in financial sector. He joined The Hokkaido Takushoku Bank, Ltd. in 1971 and was Managing Director of Takugin International (Asia) Limited in Hong Kong, the offshore merchant banking arm of The Hokkaido Takushoku Bank, Ltd. from 1991 to 1995. He joined The Chuo Trust & Banking Co., Ltd. in 1998 and was Managing Officer of The Chuo Mitsui Trust and Banking Co., Ltd. from May 2000 to September 2002. Mr Ouchi graduated with a bachelor's degree in law from Waseda University in 1971.

Mr Yukihiro Toda

President of Capital Advisers Co., Ltd.

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

Mr Kenji Fukuyado

Executive Vice President

Mr Kenji Fukuyado was appointed as the Executive Vice President & Head of Maritime Investment Department in January 2010. He joined our Group in 2001 and was the Managing Director of Uni-Asia Finance Corporation (Japan) from May 2003 to December 2005. He was transferred to our head office in Hong Kong and became Head of Structure Finance Department in January 2006. Mr Fukuyado has over 20 years of experience in the finance industry, including structured finance and corporate finance. Between 1987 and 1998, he was a manager at The Hokkaido Takushoku Bank, Ltd. in Japan and Hong Kong. He is also currently Chief Financial Officer of Uni-Asia Shipping Limited and a director of some vessel owning companies in which the Company invests. Mr Fukuyado graduated with a bachelor's degree in law from Waseda University in 1987.

Mr Zac K. Hoshino

Executive Vice President

Mr Zac K. Hoshino joined our Company in September 2007 and acted as Co-Head of our Maritime Investment Department. He is the Executive Vice President responsible for all shipping related matter and technical sector. He has extensive experience with chartering, operating, and contracting in Japanese shipping company for more than 26 years including Singapore and Hong Kong representative between 2002 and 2007. He is currently the Managing Director of Uni Ship and Management Limited, and a director of some vessel owning companies in which the Company invests. Mr Hoshino graduated with a bachelor's degree in mercantile marine science from Tokyo University of Mercantile Marine in 1984.

Ms Clementine Ng

Chief Investment Officer

Ms Clementine Ng joined our Company in February 2004 based out of Hong Kong and has been Chief Financial Officer of the Group up to the second half of 2011. In August 2011, following a group restructuring, Ms Ng's responsibilities were re-designated to that of Group investments. As the Chief Investment Officer, Ms Ng will oversee all investment matters of the Group. Ms Ng has over 19 years of experience in the financial industry, including fund management, private equity and equity research. Ms Ng started her career in Hong Kong as a manager with the hedge fund group Gaiacorp following two years of banking in Canada. After that, she took on various responsibilities in the finance industry prior to joining us including equity research with Amsteel Finance Corporation, private equity investments with the direct investment arm of AIG Investment Corporation and a management role with Kaizen Property Management Limited. Ms Ng graduated with a Bachelor's of Commerce degree specializing in Finance from the University of British Columbia, Canada and holds a Master's of Business Administration degree from the Judge Business School, University of Cambridge, UK. Ms Ng is currently a director of Chief Investment (Group) Limited, Uni-Asia Hotels Limited and Uni-Asia Shipping Limited.

Mr Lim Kai Ching

Chief Financial Officer

Mr Lim Kai Ching joined our Group in June 2011 and was appointed as Chief Financial Officer of the Group in August 2011. Mr Lim has over 14 years of experience in finance, accounting and audit. Prior to joining the Group, Mr Lim worked for State Street Fund Services (Singapore) Pte Ltd. Between April 2008 to January 2009, he was the Financial Controller of a PRC-based seafood processing company. From June 2007 to April 2008, Mr Lim was Vice President with the Group, responsible for the Company's on-going listing matters and financial reporting of private shipping fund for which the Group acts as fund manager. Between June 1999 and June 2007, Mr Lim was with Government of Singapore Investment Corporation Pte Ltd. Mr Lim graduated with a bachelor of accountancy (Honours) from Nanyang Technological University and is a non-practising member of the Institute of Certified Public Accountants of Singapore.

Mr Hiromasa Yakushiji

Senior Advisor to the Chairman and CEO
Director of Capital Advisers Co., Ltd. and Vista Hotel Management Co., Ltd.

Mr Hiromasa Yakushiji was appointed as the Senior Advisor to the Chairman and CEO in November 2007. He is also currently a member of the Board of Directors of Capital Advisors Co., Ltd. and Vista Hotel Management Co., Ltd. He has over 41 years of experience in financial sector with experience in London and New York. He joined The Sumitomo Trust and Banking Co., Ltd. having held the board member position from June1991 to June 1999 and was Managing Director responsible for international division between June 1997 and June 1999. He retired from the bank in June 1999 and then managed the bank group companies as CEO till June 2005. Mr Yakushiji graduated with a bachelor's degree in economics from Keio University in 1966.

Mr Matthew Yuen Wai Keung

Senior Vice President

Mr Matthew Yuen Wai Keung joined our Company in October 1997 and is the Senior Vice President. As a head of Structured Finance Department, he is mainly responsible for fund raising for the Group's ship investment as well as third party clients. Prior to this, Mr Yuen worked in several international banks, specializing in corporate banking and syndications. Mr Yuen graduated from The Chinese University of Hong Kong in 1987 with a second class (upper) honours degree in business administration and received his MBA from The Australian Graduate School of Management, University of New South Wales in 1992. Mr Yuen is a member of the Association of Chartered Certified Accountants (ACCA).

Mr Itsuro Kurokawa

Senior Vice President

Mr Itsuro Kurokawa joined our Company in January 2011. He is the Senior Vice President responsible for the Group's shipping activities. He has extensive experience of shipping and financing businesses at Marubeni Corporation, one of the largest Japanese trading houses, for more than 20 years. He is also General Manager of Uni-Asia Shipping Limited and Uni Ships and Management Limited. He graduated from Hitotsubashi University with a bachelor's degree in economics in 1988.

Mr Makoto Tokozume

Senior Vice President

Mr Tokozume joined our Group in January 2008, and is now in charge of investor relations and corporate planning. He is now stationed in Singapore as a member of Uni-Asia Capital (Singapore) Limited, a wholly owned subsidiary of the Company. He has over 23 years working experience in financial industry in Japan and Singapore, having spent 11 years with Hokkaido Takushoku Bank, Ltd. and nine years with The Bank of Tokyo-Mitsubishi Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ Ltd.). He graduated from Keio University with a bachelor's degree in economics in 1986, and received his MBA from The University of Hull, UK in 2000. He is registered as Certified Public Accountant of USA.

Ms Kam Siu Lin

Senior Assistant to the Chairman and CEO

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

Ms Kam started her banking career at Hokkaido Takushoku Bank in March 1985 and was appointed as a chief representative of Guangzhou representative office of the bank in 1994 and afterwards. She is also currently a director of Uni-Asia Guangzhou Property Management Co., Ltd and First Realty Development Co., Ltd, in which the Company has effective interest for an office development project in Hong Kong.

Mr Kitaro Onishi

Senior Advisor to Capital Advisers Co., Ltd. and Vista Hotel Management Co., Ltd.

Mr Kitaro Onishi was appointed as the Senior Advisor to Capital Advisers Co., Ltd. and Vista Hotel Management Co., Ltd. on 1 December 2011. He had been leading the Group's property investment business as the President of Capital Advisers since May 2004. Mr Onishi has extensive experience in property investment business and was an investment banker. He worked for Goldman Sachs Group in the USA as well as in Japan from August 1988 to April 1992. From May 1992 to September 1998, he was with Kajima Corporation, one of the biggest general construction companies in Japan. In October 1998, he joined Credit Suisse Group as a director of the Tokyo branch and was the representative of the Tokyo wholly-owned subsidiary of Credit Suisse. Mr Onishi graduated from Waseda University in 1977.

Mr P. Phillip Phillips

Advisor to the Chairman and CEO

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

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

Uni-Asia Finance Corporation (the "Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). The board of directors of the Company (the "Board") recognises the importance of good corporate governance and the offering of high standards of accountability to the shareholders. This report outlines the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2005 (the "Code").

The Board confirms that for the financial year ended 31 December 2011, the Company has adhered to the principles and guidelines as set out in the Code, where applicable, and has specified and explained the deviation from the Code in this report.

BOARD MATTERS

Principle 1 : The Board's Conduct of its Affairs

The Board oversees the business affairs of the Company and assumes responsibility for the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

Guideline 1.3: Delegation of authority on certain Board matters

The Board is supported by the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), each of whose members are drawn from members of the Board (together "Board Committees" and each a "Board Committee"). Each of these Board Committees operates under delegated authority from the Board. In addition, the Board has adopted a set of internal controls which sets out approval limits for financial transactions conducted by the Company, investments, lending, borrowings, guarantees and cheque signatories' arrangements. Approval sub-limits are also provided at Management levels to facilitate operational efficiency.

Guideline 1.4: Meetings of the Board and Board Committees

The Board has held meetings for particular and specific matters as and when required. The Company's Articles of Association (the "Articles") allow a Board meeting to be conducted by means of telephone and video conference or similar communications equipment. The attendance of each Director at every Board and Board Committee meeting held during the last financial year ended 31 December 2011 ("FY2011"), is set out below:-

	ATTENDANCE AT BOARD & BOARD COMMITTEE MEETINGS							
	BOARD		AUDIT		REMUNERATION		NOMINATING	
	# No. of Meetings	Attendance	# No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Kazuhiko Yoshida	5	5	-	-	-	-	1	1
Michio Tanamoto	5	5	-	-	-	-	-	-
Ang Miah Khiang	5	5	4	4	1	1	1	1
Ronnie Teo Heng Hock	5	5	4	4	1	1	1	1
Rajan Menon	5	5	4	4	1	1	1	1
Wu Kuang-hui (Proxy: Ms Cheng Hui-Chen, May)	5	4	4	4	-	-	-	-

No. of meetings held whilst a Director

Guideline 1.5: Matters requiring board approval

The Board's approval is required for matters likely to have a material impact on the Group's operations as well as matters other than in the ordinary course of business.

Guideline 1.6: Directors to receive appropriate training

New directors, upon appointment, will be briefed on the business and organisation structure of the Group to ensure that they are familiar with the Group structure, its business and operations. The directors may participate in seminars and/or discussion groups to keep abreast of the latest developments which are relevant to the Group.

Guideline 1.7
Formal letter to be provided to directors, setting out duties and obligations.

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

BOARD OF COMPOSITION AND BALANCE

Principle 2 & 4 :
Board Members Composition and Balance
Guideline 2.3:
Appropriate size of Board

The Board comprises 6 directors as at the end of FY2011 and 7 directors as at the date of this report. The directors consider that the Board is of the appropriate size and with the right mix of skills and experience, taking into account the nature and the scope of operations of the Group.

Guideline 4.6 :
Key Information regarding Directors

The directors who held office during the year up to the date of this report are as follows:-

Executive Directors:

Kazuhiko Yoshida	(Chairman & Chief Executive Officer)
Michio Tanamoto	(Chief Operating Officer)
Masaki Fukumori	(Appointed on 1 March 2012)

Non-Executive Director:

Wu Kuang-hui

Independent Non-Executive Directors:

Ang Miah Khiang
Ronnie Teo Heng Hock
Rajan Menon

The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an independent director.

As a Group, the directors bring with them a broad range of expertise and experience in areas such as accounting, legal, finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views. The profile of all Board members is set out in the section entitled 'Board of Directors'.

The non-executive director aims to assist in the development of proposals on strategy by constructively challenging management. The non-executive directors would also review the performance of management in meetings.

Guideline 2.1:
Independent Directors to make up at least one-third of the Board

There is an independent element on the Board, with independent directors constituting more than one-third of the Board.

Guidelines 2.5 & 2.6:
Roles and meetings of Non-executive directors

Where warranted, the non-executive directors meet without the presence of management or the executive directors to review any matters that must be raised privately.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 : Chairman and Chief Executive Officer

Mr Kazuhiko Yoshida currently fulfills the role of Chairman of the Board (the "Chairman") and Chief Executive Officer (the "CEO") of the Company. Being one of the founders of the Group, Mr Yoshida plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and strategic vision. All major decisions made by the Chairman and CEO are endorsed by the Board. As Chairman, he is responsible for Board processes and ensures the integrity and effectiveness of the governance process of the Board. The Board believes that the independent non-executive directors have demonstrated high commitment in their role as directors and have ensured that there is a good balance of power and authority.

Commentary 3.3 Lead Independent Director

The Board has appointed Mr Ang Miah Khiang, an independent and non-executive director, as the Lead Independent Director. Mr Ang will be available to address shareholders' concerns when contact through the normal channels via Chairman and CEO or other management executive has failed to provide a satisfactory resolution or when such contact is inappropriate.

The Board has also appointed Mr P. Phillip Phillips as a non-executive Advisor to the Chairman and CEO. Mr Phillips has prior experience in the arrangement of tax-based asset financing transactions and supports the Company's business through cooperation in the arrangement, origination and placement of financial transactions for the Company.

BOARD COMMITTEES

Nominating Committee ("NC")

Guideline 4.1 Nominating Committee to comprise at least three directors, majority of whom independent; chairman not associated with a substantial shareholder

The NC, regulated by a set of written terms of reference, comprises four members, the majority of whom, including the Chairman, are independent non-executive directors. The members of the NC are as follows:

Ronnie Teo Heng Hock	(Chairman)
Ang Miah Khiang	
Rajan Menon	
Kazuhiko Yoshida	(Executive Director)

The Directors consider Mr Teo, Mr Ang and Mr Menon to be independent as they do not have any existing business or professional relationships with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

Principle 4
Nominating
Committee

The principal functions of the NC stipulated in its terms of reference are summarised as follows:

(a) Reviews and makes recommendations to the Board on all board appointments;

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

(c) Determines the independence of the Board;

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

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

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

Guideline 4.2:
Re-nomination
and re-election of
directors

In accordance with the Company's Articles of Association, one third, or if their number is not a multiple of three, the number nearest to but not less than one-third of the directors are required to retire from office by rotation at each AGM, (provided that no director holding office as Executive Director whose term of office under a service contract with the Company is a fixed term that is unexpired and continuing as at the time of the relevant annual general meeting, shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire). All newly appointed directors will have to retire at the next AGM following their appointments. The retiring directors are eligible to offer themselves for re-election. The following directors will retire by rotation at the forthcoming AGM and have been re-nominated for re-election:

Ang Miah Khiang	(Article 100)
Ronnie Teo Heng Hock	(Article 100)

The NC has recommended the nomination of the Directors retiring by rotation for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors will be offering themselves for re-election at the forthcoming AGM.

Each member of the NC has abstained from reviewing and approving his own re-election.

Guideline 4.3:
Independence of
Directors

The NC determines the independence of each Director annually based on the definitions and guidelines of independence set out in the Code. In respect of the financial year ended 31 December 2011, the NC performed a review of the independence of the directors. The NC has determined that the non-executive director, Mr Wu Kuang-hui, is non-independent. Mr Wu is a nominee of Evergreen International S.A., a substantial shareholder* of the Company.

The NC is satisfied that one-third of the Board comprises independent non-executive directors.

* A substantial shareholder is one which has, or is deemed to have, five percent (5%) or more interest in the voting shares of the Company.

Guideline 4.4:
Multiple board
representations

Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a director of the Company.

Guideline 4.5 : Description of process of selection and appointment of new directors

The search and nomination process for new directors (if the need to induct a new Board member arises) will be through search companies, contacts and recommendations that go through the normal selection process for the right candidate.

A formal evaluation process has been initiated to assess the CEO's performance taking into account personal attributes, qualitative and quantitative measures. It will be implemented once the framework is formalised.

Board Performance

Principle 5: Board Performance Guideline 5.1

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director. The NC is also responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

The NC adopted a formal system of evaluating the Board as a whole, annually. A Board performance evaluation was carried out and the assessment parameters include evaluation of the Board's composition, size and expertise, timeliness of Board information as well as Board accountability and processes. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

Access to Information

Principle 6 : Access to information

Guideline 6.1: Board members to be provided with timely information.

Guideline 6.2: To include background and explanatory information

The members of the Board are provided with adequate and timely information prior to Board meetings, and on an on-going basis. The Board has separate and independent access to the Group's senior management and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by management. The Board is informed of all material events and transactions as and when they occur. Information provided to the Board includes explanatory background relating to matters to be brought before the Board, budgets, forecasts and management accounts. In relation to budgets, any material variance between projections and actual results are disclosed and explained.

Guideline 6.3: Role of Company Secretary

Guideline 6.4: The appointment and removal of the Company Secretary should be a matter for the board as a whole.

The Company Secretary provides corporate secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the management staff, ensures good information flows within the Board and the Board Committees and between senior management and non-executive directors. The appointment and replacement of the Company Secretary is a Board reserved matter.

Guideline 6.5: Procedure for board to take independent professional advice at company's cost

The Board seeks independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The directors, whether as a group or individually, may seek and obtain legal and other independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as directors.

Remuneration Committee ("RC")

Principle 7: Remuneration Matters	The RC, regulated by a set of written terms of reference, comprises 3 members, all of whom are independent non-executive directors as follows:
Guideline 7.1 : RC to consist entirely NEDs; majority, including RC chairman, must be independent	Rajan Menon (Chairman) Ang Miah Khiang Ronnie Teo Heng Hock
Guideline 7.2: Duties of Remuneration Committee	The RC reviews and recommends to the Board the fees for independent non-executive directors subject to shareholders' approval at the AGM and all service contracts and terms of employment of the executive directors and senior executives. Each member of the RC will abstain from reviewing and approving his own remuneration.
Guideline 7.3: Expert advice on Remuneration	No independent consultant is engaged for advising on the remuneration of all directors.
Principle 8 : Level and Mix of Remuneration	The Company's remuneration policy is to provide compensation packages at market rates which reward good performance and attract, retain and motivate directors and managers. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options issued under the Uni-Asia Share Option Scheme and benefits in kinds shall be covered by the RC.
Guideline 8.1 : Package should align executive directors' interests with shareholders' interest	The Company has entered into separate service agreements ("Service Agreements") with the executive directors, Mr Kazuhiko Yoshida and Mr Michio Tanamoto. The Service Agreements of both executive directors have expired on 26 April 2011 and renewed for a period of three years on the same terms and will expire on the date on which the annual general meeting of the Company is held immediately subsequent to the third anniversary of the Service Agreements. Under the Service Agreements, the housing allowance of the executive directors is subject to annual review by the Board after the first year of appointment.
Guideline 8.2 : Remuneration to consider contribution, effort, time spent and responsibilities	Independent non-executive directors are remunerated under a framework of fixed fees for serving on the board and board committees. Fees for independent non-executive directors are subject to the approval of shareholders at the AGM. Executive directors and representative / nominee directors appointed by substantial shareholders to represent them on the Board of the Company do not receive a director fee.
Principle 9 : Disclosure of Remuneration Guideline 9.2	The remuneration of directors and key executives during FY2011 are as follows:

Breakdown of Remuneration in Percentage (%)						
Directors of the Company		Salary %	Performance Bonus %	Benefits in Kind %	Directors' Fees %	Total %
Executive Directors						
S$250,001 to S$500,000						
Kazuhiko Yoshida	Executive	55	-	45	-	100
Michio Tanamoto	Executive	60	-	40	-	100
Below S$250,000:						
Independent Non-Executive Directors						
Ang Miah Khiang	Independent	-	-	-	100	100
Ronnie Teo Heng Hock	Independent	-	-	-	100	100
Rajan Menon	Independent	-	-	-	100	100
Remuneration Band						
Key Executives						
S$250,001 to S$500,000						
Masaki Fukumori		59	-	41	-	100
Masahiro Iwabuchi		74	24	2	-	100
Kenji Fukuyado		80	16	4	-	100
Kiyomi Hoshino		78	19	3		100
Makoto Tokozume		76	-	24		100

Mr Wu Kuang-hui did not receive any Directors' fees during FY2011 as he is a representative Director appointed by a substantial shareholder to represent the substantial shareholder on the Board of the Company.

Except as disclosed in this report, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

There were no employees who were immediate family members of any director or the CEO whose remuneration exceeded $150,000 for the financial year ended 31 December 2011.

The Company has a share option scheme known as the Uni-Asia Share Option Scheme (the "Scheme") which is administered by the Remuneration Committee.

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Guideline 9.4: Details of employee share schemes

The Scheme will provide eligible participants with an opportunity to participate in the equity of the Company as well as to motivate them to perform better through increased loyalty and dedication to the Company.

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

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

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

(a) A price equal to the average of the last dealt prices for a share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the period of three consecutive market days immediately prior to the relevant date of grant ("Market Price") but in no event shall the exercise price per share be less than its par value ("Market Price Options"); or

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

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

All options must be exercised before the expiry of the 10 years from the date of grant in the case of employees and before the expiry of five years in the case of non-executive directors and independent directors.

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

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

The nominal amount of the aggregate number of shares over which the RC may grant options on any date, when aggregated with the nominal amount of the number of shares issued and issuable in respect of all options granted under the Scheme and any other share option schemes of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the date of the relevant grant.

ACCOUNTABILITY

Principle 10 : Accountability and Audit

The Board provides shareholders with a detailed and balanced explanation and analysis of the Company's performance and prospects on a quarterly basis. The management provides the Board with management accounts of the Group's performance, position and prospects on a regular basis.

Audit Committee ("AC")

Principle 11 :
Audit Committee

Guideline 11.2
Members of AC appropriately qualified.

The AC, regulated by a set of written terms of reference, comprises three independent non-executive directors and one non-executive director. The AC has at least two members who have accounting or related financial management expertise or experience.

Guideline 11.8
Disclosure of Names of Members of Audit Committee and their Activities

The members of the AC are as follows:

Ang Miah Khiang (Chairman)
Ronnie Teo Heng Hock
Rajan Menon
Wu Kuang-hui

The AC has full access to and the co-operation of management and has full discretion to invite any director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The AC performs the following functions:

(a) Reviews the annual and quarterly financial statements of the Company and the Group before submission to the Board for adoption;

(b) Reviews with the internal and external auditors, their audit plans and audit reports;

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

(d) Reviews interested person transactions and transactions falling within the scope of Chapter 10 of the SGX-ST Listing Manual;

(e) Nominates and reviews the appointment or re-appointment of external auditors;

(f) Reviews the independence of the external auditors annually;

(g) Undertakes such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(h) Undertakes such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

Apart from the above functions, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the operating results and/or financial position.

In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

Annually, the AC meets with the internal and external auditors without the presence of management.

The Company's Whistle-Blowing programme serves to encourage and to provide a channel for staff of the Group to report and raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters. To facilitate independent investigation of such matters and appropriate follow up actions, all whistle blowing reports are directed to the AC via a dedicated email address. The Whistle-Blowing programme is communicated to all staff.

In performing its functions, the AC:

(i) has met with the internal and external auditors, without the presence of management, at least once a year;

(ii) has explicit authority to investigate any matter within its terms of reference;

(iii) has had full access to and cooperation from management and has full discretion to invite any director and executive officer to attend its meetings; and

(iv) has been given reasonable resources to enable it to discharge its functions properly.

The executive Management of the Company attends all meetings of the AC on invitation.

Guideline 11.6 Audit Committee reviews the independence of external auditors annually

The AC reviews annually the non-audit services provided by external auditors and determine whether the provision of such services affects their independence. The breakdown of fees (audit and non-audit services) paid to auditors are set out in Note 22 "Other Expenses" of the Notes to the Consolidated Financial Statements.

Having reviewed the nature and extent of non-audit services rendered by the external auditors to the Company for the year ended 31 December 2011, the AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC had therefore recommended to the Board that the auditors, Ernst & Young, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

The auditors, Ernst & Young, have indicated their willingness to accept re-appointment.

Noted that subsequent to the transfer of the function of Chief Financial Officer from Hong Kong to Singapore, it is intended that the group accounts be signed by the Ernst & Young partner based in Singapore with effect from financial year beginning 1 January 2012 rather than an Ernst & Young partner based in Hong Kong as in previous financial years. In recommending the re-appointment of the auditors, the Audit Committee considered and reviewed the aforesaid and other factors including the adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group, its businesses and operations. Accordingly, the Audit Committee has recommended the re-appointment of external auditors at the AGM of the Company.

Rules 712 and 715 of the SGX-ST Listing Manual

The Board and AC have reviewed the suitability of auditors and the appointment of different auditors for its subsidiaries and/or significant associated companies and were satisfied that the appointment of audit firms for the Group has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

INTERNAL CONTROLS

Principle 12:
Internal Controls

The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. During the year, the AC, on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management. The process used by the AC to review the effectiveness of the system of internal controls and risk management includes:-

(i) discussions with management on risks identified by management;

(ii) the audit processes;

(iii) the review of internal and external audit plans; and

(iv) the review of significant issues arising from internal and external audits.

SGX Rules 719(1) and Rule 1207(10)

The Board is responsible for ensuring that management maintains a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The AC and the Board believe that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Group's management and that was in place throughout the financial year and up to the date of this report is adequate to meet the needs of the Group in its current business environment.

Any material non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the AC as part of the review of the Group's internal control system.

RISK AND MANAGEMENT

Guideline 12.2
Internal Controls, including financial operational and compliance controls and risk management

The Company has not put in place a Risk Management Committee. However, management has in place a financial risk management policy and regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the directors and AC. Details of the Group's risk management policy are set out in Note 31 "Financial Risk Management" of the Notes to the Consolidated Financial Statements.

INTERNAL AUDIT

Principle 13 : Internal Audit

The Group has outsourced its internal audit function to external audit professionals. Capital Advisers Co., Ltd. (“CA”), a subsidiary in Japan, has an internal auditor performing the internal audit role in CA in accordance with Japan’s regulatory requirements. The AC has initiated steps to undertake a high level review of the internal audit process in CA by a co-sourcing arrangement between the internal auditor of CA and the external audit professionals. Both parties report directly to the AC. The AC reviews and approves the annual audit plan and resources to ensure that the internal auditors have the necessary resources to adequately perform their duties.

COMMUNICATION WITH SHAREHOLDERS

Principle 14 : Communication with Shareholders

In line with continuous disclosure obligations, the Company is committed to regular and proactive communication with its shareholders. It is the Board’s policy that shareholders be informed of all major developments within the Group.

Principle 15 Communication with Shareholders

Price-sensitive information and results are released to the public through SGXNET on a timely basis in accordance with the requirements of Singapore Exchange Securities Trading Limited. The Company does not practice selective disclosure.

All shareholders of the Company receive the annual report and notice of Annual General Meeting (“AGM”) within the mandatory notice period. The notice will also be published in a daily newspaper. Shareholders are encouraged to participate in the Company’s general meetings. The Board (including the Chairman of the respective Board Committees), Management, as well as the external auditors will be available at the forthcoming AGM to address any questions that shareholders may have. Shareholders are encouraged to attend the AGM to stay informed of the Company’s strategy and goals. The AGM is the principal forum for dialogue with shareholders.

DEALINGS IN SECURITIES

Listing Rule 1207, Sub-Rule (19) on Dealings in Securities.

The Company has adopted an internal policy to govern the conduct of securities transactions by its directors and employees. All directors and officers of the Company and its subsidiaries who have access to price sensitive information are required to refrain from dealing in the Company’s securities at all times as provided under the provisions of the Securities and Futures Act Chapter 289.

The directors and officers have been informed not to deal in the Company’s shares whilst in possession of price sensitive information and during the periods commencing two weeks prior to the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company’s full year results and ending on the date of the announcement of the relevant results.

Directors and officers are required to observe insider trading provisions under the Securities and Futures Act Chapter 289 at all times even when dealing in the Company’s securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

MATERIAL CONTRACTS

SGX-ST Listing Manual Rule 1207(8)

Save for the Service Agreements entered into with Mr Kazuhiko Yoshida and Mr Michio Tanamoto which still subsist as at the end of FY2011, there are no material contracts involving the interest of the CEO, the directors or controlling shareholders entered into by the Group which are still subsisting as at the end of the financial year or entered into during the financial year.

INTERESTED PERSON TRANSACTIONS

Listing Rule 1207, Sub-Rule (17) on Interested Person Transactions

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	Nature	Amount USD	Nature	Amount USD
* Okayama Juken Co., Ltd.	Brokerage Services	154,852.39	-	-

* Associate of Yamasa Co., Ltd.

The above interested person transaction was done on commercial terms.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Listing Rule 1207, Sub-Rule (7) on Statement of Direct and Deemed Interest of each Director

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

	Direct Interest		Deemed Interest	
Name of director and company in which interests are held	Holdings at beginning of the year 01/01/2011	Holdings at end of the year 31/12/2011	Holdings at beginning of the year 01/01/2011	Holdings at end of the year 31/12/2011
The Company				
Kazuhiko Yoshida	-	8,953,125	@11,937,500	-
Michio Tanamoto	-	8,953,125	@11,937,500	-

Note: *@ Mr Yoshida and Mr Tanamoto hold 64% and 36% of the shares respectively in Founders Corporation. They are deemed to have an interest in all the shares which Founders Corporation holds in the Company by virtue of Section 7 of the Singapore Companies Act Cap 50.*

There have been no changes in the above directors' interest as at 21 January 2012.

USE OF RIGHTS ISSUE PROCEEDS

Listing Rule 704, Sub-Rule (30) Disclosure of Use of Proceeds

A status report on the use of Rights Issue proceeds raised from the additional issue of securities is as follows:-

Rights Issue Proceeds	**US$' million**
Amount raised	26.0
Less : Rights Issue expenses	(0.4)
Net Placement Proceeds	**25.6** [1]

Application of Rights Issue Proceeds to the Group		**US$' million**
1	Acquisition of two vessels	20.7
2	Working capital of the subsidiaries of the Company	0.9
3	Provision of shareholder's loans to vessel-owning companies in which the Company has a 50% shareholding interest	1.0
4	Investment in a new residential property project in Japan	1.1
Total application of proceeds		**23.7**

[1] The estimated net proceeds from Rights Issue, after deducting estimated expenses associated with the Rights Issue, was stated in the Offer Information Statement dated 18 July 2011 as US$25.1 million on the basis of an exchange rate of US$1.00=S$1.23. The actual net proceeds from the Rights Issue was US$25.6 million as the actual exchange rate was US$1.00=S$1.2064.

In accordance with the uses of proceeds described in the section entitled "Part IV - Key Information - Use of Proceeds from Offer and Expenses Incurred" of the Offer Information Statement (the "**OIS**") dated 18 July 2011 in respect of the Rights Issue, the Company has materially disbursed an aggregate of approximately US$23.7 million of the Rights Issue Proceeds to date, and the amount of unutilised Rights Issue Proceeds is approximately US$1.9 million.

Financial Contents

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF UNI-ASIA FINANCE CORPORATION
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Uni-Asia Finance Corporation (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 58 to 137, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The management 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 for such internal control as the management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of 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 management, 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.

TO THE SHAREHOLDERS OF UNI-ASIA FINANCE CORPORATION
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
Certified Public Accountants
Hong Kong
16 March 2012

BALANCE SHEETS

AS AT 31 DECEMBER 2011

	Notes	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
ASSETS					
Non-current assets					
Investment properties	5	7,507	4,874	–	–
Intangible assets	6	53	83	–	–
Property, plant and equipment	7	84,967	27,495	18	16
Loans receivable	8	8,504	7,389	8,254	7,139
Loans to subsidiaries	30(k)	–	–	5,157	14,423
Investments	9	45,992	46,675	30,410	33,512
Investments in subsidiaries	30	–	–	38,362	6,536
Investments in associates	10	–	66	–	–
Rental deposit		2,471	2,798	–	–
Deferred tax assets	23(b)	9	105	–	–
Derivative financial instruments	11	51	–	51	–
Deposits for purchase of vessels		19,079	17,985	–	–
Total non-current assets		168,633	107,470	82,252	61,626
Current assets					
Investments	9	1,373	1,358	–	–
Loans receivable	8	1,232	3,283	–	–
Loans to subsidiaries	30(k)	–	–	20,310	17,049
Derivative financial instruments	11	–	906	–	906
Accounts receivable	12	5,692	4,197	113	221
Amounts due from subsidiaries	30(j)	–	–	2,201	9,198
Prepayments, deposits and other receivables		2,371	1,506	276	327
Tax recoverable		612	64	–	–
Deposits pledged as collateral	13	18,728	22,741	17,776	21,869
Cash and bank balances	14	51,164	26,528	33,145	18,797
Total current assets		81,172	60,583	73,821	68,367
Total assets		249,805	168,053	156,073	129,993

AS AT 31 DECEMBER 2011

	Notes	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
EQUITY					
Equity attributable to owners of the parent					
Share capital	15	75,167	50,111	75,167	50,111
Share premium	15	31,319	30,732	31,319	30,732
Retained earnings		23,534	22,224	22,527	25,048
Fair value reserve		9	9	–	–
Hedging reserve		(1,123)	–	–	–
Exchange reserve		4,489	3,975	–	–
Capital reserve		(126)	–	–	–
Total equity attributable to owners of the parent		133,269	107,051	129,013	105,891
Non-controlling interests		124	(74)	–	–
Total equity		133,393	106,977	129,013	105,891
LIABILITIES					
Non-current liabilities					
Borrowings	16	62,111	1,745	–	–
Finance lease obligations	32(d)	28	36	–	–
Due to Tokumei Kumiai investors	33(a)	1,816	1,785	–	–
Retirement benefit allowance		–	273	–	–
Derivative financial instruments	11	1,173	–	51	–
Other payables		155	117	–	–
Total non-current liabilities		65,283	3,956	51	–
Current liabilities					
Borrowings	16	37,573	47,138	25,829	22,146
Finance lease obligations	32(d)	9	8	–	–
Accounts payable	17	4,888	3,269	–	–
Amounts due to subsidiaries	30(j)	–	–	–	201
Other payables and accruals		8,462	5,531	1,180	959
Derivative financial instruments	11	–	796	–	796
Income tax payable		197	378	–	–
Total current liabilities		51,129	57,120	27,009	24,102
Total equity and liabilities		249,805	168,053	156,073	129,993

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2011

	Notes	2011 US$'000	2010 US$'000
Fee income	18	15,226	9,777
Hotel income		36,824	35,736
Investment returns	19	4,334	232
Interest income	20	817	522
Other income		694	1,957
Total income		57,895	48,224
Employee benefits expenses	21	(15,461)	(14,014)
Amortisation and depreciation		(2,532)	(924)
Vessel operating expenses		(2,297)	–
Other expenses	22	(33,762)	(33,563)
Write-back on impairment of property, plant and equipment		–	1,962
Loss on disposal of property, plant and equipment		–	(1)
Write-back on provision of onerous contracts		2,004	1,554
Provision of onerous contracts		(1,471)	(734)
Net foreign exchange (loss)/gain		(1,009)	2,498
		(54,528)	(43,222)
Operating profit		3,367	5,002
Finance costs - interest expense	20	(1,655)	(1,198)
Finance costs - others		(144)	(81)
Share of results of associates		–	(21)
Allocation to Tokumei Kumiai investors		49	(996)
Profit before tax		1,617	2,706
Income tax expense	23(a)	(238)	(361)
Profit for the year		1,379	2,345
Attributable to :			
Owners of the parent		1,310	2,412
Non-controlling interests		69	(67)
		1,379	2,345
Profit per share attributable to owners of the parent (US cents per share) :			
- basic and diluted	26	0.35	0.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2011

	2011 US$'000	2010 US$'000
Profit for the year	1,379	2,345
Other comprehensive income for the year, net of tax :		
Exchange differences on translation of foreign operations	517	107
Fair value loss of cash flow hedges	(1,123)	–
Fair value gain of available-for-sale financial assets	–	68
Other comprehensive (expense)/income for the year, net of tax	(606)	175
Total comprehensive income for the year, net of tax	773	2,520
	========	========
Attributable to :		
Owners of the parent	701	2,612
Non-controlling interests	72	(92)
	773	2,520
	========	========

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2011

Group	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Exchange reserve US$'000	Capital reserve US$'000	Total equity attributable to owners of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2011	50,111	30,732	22,224	9	–	3,975	–	107,051	(74)	106,977
Rights issue (Note 15)*	25,056	587	–	–	–	–	–	25,643	–	25,643
Profit for the year	–	–	1,310	–	–	–	–	1,310	69	1,379
Other comprehensive (expense)/income for the year	–	–	–	–	(1,123)	514	–	(609)	3	(606)
Total comprehensive income/(expense) for the year	–	–	1,310	–	(1,123)	514	–	701	72	773
Capital reserve	–	–	–	–	–	–	(126)	(126)	126	–
At 31 December 2011	75,167	31,319	23,534	9	(1,123)	4,489	(126)	133,269	124	133,393
At 1 January 2010	50,111	30,732	19,812	(57)	–	3,841	–	104,439	–	104,439
Profit/(loss) for the year	–	–	2,412	–	–	–	–	2,412	(67)	2,345
Other comprehensive income/(expense) for the year	–	–	–	66	–	134	–	200	(25)	175
Total comprehensive income/(expense) for the year	–	–	2,412	66	–	134	–	2,612	(92)	2,520
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	–	–	17	17
Capital contributed by non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	1	1
At 31 December 2010	50,111	30,732	22,224	9	–	3,975	–	107,051	(74)	106,977

* Net of expenses incurred for the rights issue.

STATEMENTS OF CHANGES IN EQUITY (continued)

YEAR ENDED 31 DECEMBER 2011

Company	Note	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Total equity US$'000
At 1 January 2011		50,111	30,732	25,048	105,891
Rights issue *	15	25,056	587	–	25,643
Loss for the year	24	–	–	(2,521)	(2,521)
Total comprehensive expense for the year		–	–	(2,521)	(2,521)
At 31 December 2011		75,167	31,319	22,527	129,013
At 1 January 2010		50,111	30,732	22,021	102,864
Profit for the year	24	–	–	3,027	3,027
Total comprehensive income for the year		–	–	3,027	3,027
At 31 December 2010		50,111	30,732	25,048	105,891

* Net of expenses incurred for the rights issue.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2011

	Notes	2011 US$'000	2010 US$'000
Cash flows from operating activities			
Profit before tax		1,617	2,706
Adjustments for :			
Investment returns	19	(4,334)	(232)
Amortisation and depreciation		2,532	924
Realisation of negative goodwill arising on acquisition of a subsidiary	28	(212)	–
Write-back on impairment of property, plant and equipment		–	(1,962)
Loss on disposal of property, plant and equipment		–	1
Write-back on provision of onerous contracts		(2,004)	(1,554)
Provision of onerous contracts		1,471	734
Net foreign exchange loss/(gain)		1,009	(2,498)
Gain on liquidation of subsidiaries		–	(5)
Interest income	20	(817)	(522)
Finance costs - interest expense	20	1,655	1,198
Finance costs - others		144	81
Share of results of associates		–	21
Allocation to Tokumei Kumiai investors		(49)	996
		1,012	(112)
Changes in working capital :			
Net change in accounts receivable		(110)	186
Net change in prepayments, deposits and other receivables		316	(177)
Net change in retirement benefit allowance		(277)	(2)
Net change in accounts payable		619	281
Net change in other payables and accruals		665	342
Cash generated from operations		2,225	518
Interest received on bank balances		67	58
Tax paid		(415)	(285)
Net cash generated from operating activities		1,877	291

	Notes	2011 US$'000	2010 US$'000
Cash flows from investing activities			
Acquisition of a subsidiary	28	2,373	–
Deconsolidation of subsidiaries	29	–	(160)
Purchase of investment property		(1,139)	–
Purchase of investments		(1,503)	(6,751)
Proceeds from redemption/sale of investments		4,334	1,417
Deposits paid for purchase of vessels		(10,666)	(17,968)
Purchase of property, plant and equipment		(49,165)	(49)
Loans advanced		(2,551)	(6,981)
Loans repaid		3,740	306
Interest received from loans		666	423
Net decrease/(increase) in deposits pledged as collateral		3,995	(8,737)
Proceeds from investments		867	1,268
Settlement of forward currency contracts		164	–
Proceeds from property rental		615	641
Net cash flows used in investing activities		(48,270)	(36,591)
Cash flows from financing activities			
Proceeds from issuing shares	15	25,961	–
Rights issue expenses	15	(318)	–
New borrowings		96,474	29,634
Repayment of borrowings		(48,169)	(22,171)
Interest paid on borrowings		(2,383)	(692)
Other finance cost paid		(600)	–
Payment of lease obligation		(8)	(9)
Capital contributed by non-controlling interests of a subsidiary		–	1
Net cash flows generated from financing activities		70,957	6,763
Net increase/(decrease) in cash and cash equivalents		24,564	(29,537)
Movements in cash and cash equivalents :			
Cash and cash equivalents at beginning of year		26,528	53,318
Net increase/(decrease) in cash and cash equivalents		24,564	(29,537)
Effects of foreign exchange rate changes, net		72	2,747
Cash and cash equivalents at end of year	14	51,164	26,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. Corporate Information

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

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

2.1 Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and investments, which have been measured at fair value. These financial statements are presented in United States dollars (“USD” or “US$”) and all values are rounded to the nearest thousand (“US$’000”), except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2011. The financial statements of its subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains or losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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

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

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011 :

- IAS 24 *Related Party Disclosures (amendment)* effective 1 January 2011
- IAS 32 *Financial Instruments: Presentation (amendment)* effective 1 February 2010
- Improvements to IFRSs (May 2010) :
    - IFRS 7 *Financial Instruments*
    - IAS 1 *Presentation of Financial Statements*
    - IFRS 3 *Business Combinations* (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))
    - IFRS 3 *Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards)
    - IAS 27 *Consolidated and Separate Financial Statements*
    - IAS 34 *Interim Financial Statements*
    - IFRIC 13 *Customer Loyalty Programmes* (determining the fair value of award credits)
    - IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

The adoption of these new standards and interpretations has had no significant financial effect on the financial statements.

2.3 Standards Issued But Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IAS 1 *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (e.g., upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

2.3 Standards Issued But Not Yet Effective (continued)

IAS 12 *Income Taxes - Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS 27 *Separate Financial Statements (as revised in 2011)*

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 7 *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.3 Standards Issued But Not Yet Effective (continued)

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 *Disclosure of Involvement with Other Entities*

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

2.4 Summary of Significant Accounting Policies

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2.4 Summary of Significant Accounting Policies (continued)

(b) Associates (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement and its share of post-acquisition movements in equity is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its investments in associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's investments in associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(c) Revenue and other income recognition

Revenue is recognised when it is probable that economic benefits will flow to the Group when the revenue can be measured reliably, on the following bases :

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

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

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

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

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

Interest income is recognised on the effective interest basis.

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

2.4 Summary of Significant Accounting Policies (continued)

(d) Business combination and goodwill

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

(d) Business combination and goodwill (continued)

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

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

(e) Transactions with non-controlling interests

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

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

(f) Impairment of non-financial assets

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

2.4 Summary of Significant Accounting Policies (continued)

(f) Impairment of non-financial assets (continued)

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

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 Summary of Significant Accounting Policies (continued)

(g) Related parties

A related party is defined as follows :

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

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

(ii) Has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment and depreciation

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

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

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

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

(i) Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/ or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value. Changes in fair value are recognised in the consolidated income statement.

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

On disposal of an investment property, the differences between the disposal proceeds and the carrying amount are recognised in the consolidated income statement.

2.4 Summary of Significant Accounting Policies (continued)

(j) Intangible assets (other than goodwill)

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

Trademark and licenses

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

(k) Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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

The Group's financial assets include cash and bank balances, deposits for purchase of vessels, accounts receivable, deposits and other receivables, loans receivable, quoted and unquoted financial investments, rental deposit and derivative financial instruments.

2.4 Summary of Significant Accounting Policies (continued)

(k) Investments and other financial assets (continued)

Subsequent measurement

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

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

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

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

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

For investments that meet the definition under IAS 28 *Investments in Associates* (“IAS 28”) and IAS 31 *Interests in Joint Ventures* (“IAS 31”), the Group has applied the scope exemption where investments held by venture capital or similar entities are excluded from the scope of IAS 28 and IAS 31 where those investments are designated, upon initial recognition, as at fair value through profit or loss and are accounted for in accordance with IAS 39.

2.4 Summary of Significant Accounting Policies (continued)

(k) Investments and other financial assets (continued)

Subsequent measurement (continued)

(ii) Loans and receivables

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

(iii) Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gains or losses is recognised in the consolidated income statement in investments returns, or until the investments are determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the consolidated income statement in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as investments returns and are recognised in the consolidated income statement as investments returns in accordance with the policies as set out in “Revenue and other income recognition” above.

When the fair value of unlisted equity investments cannot be reliably measured because: (a) the variability in the range of reasonable fair value estimates is significant for that investment; or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2.4 Summary of Significant Accounting Policies (continued)

(k) Investments and other financial assets (continued)

Subsequent measurement (continued)

(iii) Available-for-sale financial investments (continued)

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

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

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

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

Derecognition of financial assets

A financial asset is derecognised when :

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

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

2.4 Summary of Significant Accounting Policies (continued)

(k) Investments and other financial assets (continued)

Derecognition of financial assets (continued)

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

Impairment of financial assets

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

(i) Financial assets carried at amortised cost

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

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

2.4 Summary of Significant Accounting Policies (continued)

(k) Investments and other financial assets (continued)

Impairment of financial assets (continued)

(i) Financial assets carried at amortised cost (continued)

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

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

(ii) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the differences between its costs (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated income statement, is removed from other comprehensive income and recognised in the consolidated income statement.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the differences between the acquisition cost and the current fair value, less any impairment loss that investment previously recognised in the consolidated income statement - is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through the consolidated income statement. Increase in their fair value after impairment is recognised directly in other comprehensive income.

2.4 Summary of Significant Accounting Policies (continued)

(l) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities at amortised cost

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

De-recognition

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

2.4 Summary of Significant Accounting Policies (continued)

(m) Cash and bank balances

Cash and cash equivalents include cash in hand, bank balances and short-term bank deposits with an original maturity of less than three months.

(n) Taxes

(i) Current income tax

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

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

(ii) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 Summary of Significant Accounting Policies (continued)

(n) Taxes (continued)

(ii) Deferred tax (continued)

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

(o) Employee benefits

Pension obligations

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

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

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

(p) Derivative financial instruments and hedging accounting

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

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

(p) Derivative financial instruments and hedging accounting (continued)

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

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

Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognised in the consolidated income statement in investment returns. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the consolidated income statement as investments returns.

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

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

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the consolidated income statement in investment returns.

2.4 Summary of Significant Accounting Policies (continued)

(p) Derivative financial instruments and hedging accounting (continued)

Cash flow hedges (continued)

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

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

(q) Foreign currency translation

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

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

2.4 Summary of Significant Accounting Policies (continued)

(q) Foreign currency translation (continued)

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

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

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

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

(r) Leases

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

(s) Provision

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

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

(t) Borrowing costs

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

3. Operating Segment Information

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) before tax from continuing operations.

Operating segments

During the year, the ship owning subsidiaries of the Group took delivery of three vessels and the operations in Japan underwent restructuring. Following these changes, the operating segments of the Group were re-grouped for better management of the Group's next phase of growth. The operating segments comprise the following:

1. Investment and Asset Management of Vessels and Properties, Structured Ship Finance
2. Ship Owning and Chartering
3. Investment and Asset Management of Properties in Japan
4. Hotel Operations in Japan

Following the re-grouping, the comparative segment information and geographical information of 2010 were restated.

3. Operating Segment Information (continued)

Operating segments (continued)

The segment results for the year ended 31 December 2011 are as follows :

	Investment & Asset Management of Vessels and Properties, Structured Ship Finance	Ship Owning & Chartering	Investment & Management of Properties in Japan	Hotel Operations in Japan	Eliminations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total income						
External customers	6,758	6,633	8,970	34,717	–	57,078
Interest income	813	4	–	–	–	817
Inter-segment	823	–	15	1	(839)	–
	8,394	6,637	8,985	34,718	(839)	57,895
Results						
Depreciation and amortisation	(16)	(1,575)	(872)	(71)	2	(2,532)
Write-back on impairment of property, plant and equipment	–	–	–	–	–	–
Finance costs - interest expenses	(317)	(547)	(1,317)	(25)	551	(1,655)
Finance costs - others	–	(26)	(116)	(2)	–	(144)
Share of results of associates	–	–	–	–	–	–
Allocation to Tokumei Kumiai investors	–	–	49	–	–	49
Profit/(loss) before tax	508	1,125	921	(917)	(20)	1,617
Other segment item is as follows :						
Capital expenditure	24	58,710	–	4	–	58,738

3. **Operating Segment Information (continued)**

Operating segments (continued)

The segment results for the year ended 31 December 2010 are as follows :

	Investment & Asset Management of Vessels and Properties, Structured Ship Finance US$'000	Ship Owning & Chartering US$'000	Investment & Management of Properties in Japan US$'000	Hotel Operations in Japan US$'000	Eliminations US$'000	Total US$'000
Total income						
External customers	7,323	300	6,692	33,387	–	47,702
Interest income	518	1	2	1	–	522
Inter-segment	718	–	–	–	(718)	–
	8,559	301	6,694	33,388	(718)	48,224
Results						
Depreciation and amortisation	(47)	–	(803)	(74)	–	(924)
Write-back on impairment of property, plant and equipment	–	–	1,962	–	–	1,962
Finance costs - interest expenses	(196)	–	(1,604)	(9)	611	(1,198)
Finance costs - others	–	–	(81)	–	–	(81)
Share of results of associates	–	–	(21)	–	–	(21)
Allocation to Tokumei Kumiai investors	–	–	(996)	–	–	(996)
Profit/(loss) before tax	4,277	212	(239)	(1,475)	(69)	2,706
Other segment item is as follows :						
Capital expenditure	12	–	77	7	–	96

3. Operating Segment Information (continued)

Operating segments (continued)

The segment assets and liabilities as at 31 December 2011 are as follows :

	Investment & Asset Management of Vessels and Properties, Structured Ship Finance	Ship Owning & Chartering	Investment & Management of Properties in Japan	Hotel Operations in Japan	Eliminations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment assets						
Total assets	163,310	79,469	46,309	17,805	(57,088)	249,805
	========	========	========	========	========	========
Segment liabilities						
Total liabilities	27,959	53,823	41,643	13,370	(20,383)	116,412
	========	========	========	========	========	========

The segment assets and liabilities as at 31 December 2010 are as follows :

	Investment & Asset Management of Vessels and Properties, Structured Ship Finance	Ship Owning & Chartering	Investment & Management of Properties in Japan	Hotel Operations in Japan	Eliminations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment assets						
Total assets	133,394	12,492	45,466	8,060	(31,359)	168,053
	========	========	========	========	========	========
Segment liabilities						
Total liabilities	24,476	7,339	47,117	13,432	(31,288)	61,076
	========	========	========	========	========	========

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

Segment liabilities consist primarily of borrowings, payables and accruals.

Capital expenditure represents capital additions to property, plant and equipment (Note 7).

3. Operating Segment Information (continued)

Geographical information

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

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

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

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

	2011 US$'000	**2010** US$'000
Total income :		
Global	9,145	3,380
Asia (ex-Japan)	3,279	1,527
Japan	45,471	43,317
	57,895	48,224

During the year, there was no revenue from transactions with a single customer amount to 10 per cent (10%) or more of the Group's revenue (2010: no revenue from transactions with a single customer amount to 10 per cent (10%) or more of the Group's revenue).

	2011 US$'000	**2010** US$'000
Non-current assets :		
Global	107,689	52,232
Asia (ex-Japan)	10,207	7,213
Japan	50,737	48,025
	168,633	107,470

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

4. Significant Accounting Judgements, Estimates and Assumptions

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

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

Judgements

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

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification of investment properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals and/or for capital appreciation. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimates and assumptions

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

Estimation of fair value of investment properties

The Group uses management's valuation in the fair valuation of investment properties. In the case of an internal valuation, the discounted cash flow method is used which makes reference to the estimated or actual market rental values and equivalent yields. The carrying amount of investment properties at 31 December 2011 was US$7.5 million (2010: US$4.9 million).

4. Significant Accounting Judgements, Estimates and Assumptions (continued)

Estimate impairment of property, plant and equipment

The Group uses management's valuation to estimate the value in use of the properties. The valuations are based on the direct capitalisation method and discounted cash flow method that make reference to the estimated market rental values and equivalent yields.

Estimation of fair value of investment

The Group uses both external valuation reports and management's valuation in the fair valuation of investments. Investments in shipping and office/industrial properties are revaluated by accredited independent valuers while investments in hotel, residential and distressed debt are revaluated by management. The valuations are based on the discounted cash flow method or residual method that makes reference to the estimated or actual market rental values, development costs and equivalent yields.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. At 31 December 2011, there was no deferred tax assets relating to recognised tax losses (2010: US$Nil). The amount of unrecognised tax losses for the year ended 31 December 2011 was US$3.7 million (2010: US$578,000). Further details are contained in Note 23.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (e.g., over-the-counter ("OTC") derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each end of the reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows or comparison of key valuation parameters are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

5. Investment Properties

	Note	Group 2011 US$'000	Group 2010 US$'000
At 1 January		4,874	4,335
Addition		1,139	–
Fair value gain	19	1,241	391
Currency translation differences		253	148
At 31 December		7,507	4,874

Certain of the investment properties are leased to third parties under operating leases, further summary details of which are included in Note 32(c).

The following amounts are recognised in consolidated income statement :

	Group 2011 US$'000	Group 2010 US$'000
Rental income	312	287
Direct operating expenses arising from investment properties that generated rental income	2	2
Direct operating expenses arising from investment properties that did not generate rental income	114	84

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

Location	Use	Tenure	Unexpired lease term
Rooms 701, 712-717, 719-725, 7/F, China Shine Plaza, 9 Lin He Xi Road, Tianhe District, Guangzhou, PRC [(1)]	Offices	Leasehold	44 years
2-13-1, Shimomeguro, Meguro-Ku, Tokyo, Japan 153-0064 [(2)]	Residential	Freehold	–

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

(2) This investment property is stated at fair value which is the acquisition price as the acquisition was made close to end of 2011. This investment property amounting to US$1.1 million is mortgaged to secure bank borrowing of US$0.2 million (Note 16).

6. Intangible Assets

Group	Goodwill US$'000	Other Intangible assets US$'000	Total US$'000
Cost			
At 1 January 2010	411	186	597
Currency translation differences	–	27	27
At 31 December 2010	411	213	624
Currency translation differences	–	10	10
At 31 December 2011	411	223	634
Accumulated amortisation and impairment			
At 1 January 2010	411	82	493
Amortisation	–	34	34
Currency translation differences	–	14	14
At 31 December 2010	411	130	541
Amortisation	–	33	33
Currency translation differences	–	7	7
At 31 December 2011	411	170	581
Net book value			
At 31 December 2010	–	83	83
At 31 December 2011	–	53	53

7. Property, Plant and Equipment

Group	Hotel properties	Vessels	Office equipment, furniture and fixtures	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost					
At 1 January 2010	25,913	–	3,725	6	29,644
Additions	28	–	68	–	96
Disposals	–	–	(51)	–	(51)
Written-off	–	–	(19)	–	(19)
Currency translation differences	3,740	–	389	1	4,130
At 31 December 2010	29,681	–	4,112	7	33,800
Additions	–	49,114	28	–	49,142
Transfer from deposit for purchase of vessels	–	9,596	–	–	9,596
Disposals	(22)	–	–	–	(22)
Written-off	–	–	(7)	–	(7)
Currency translation differences	1,340	–	140	–	1,480
At 31 December 2011	30,999	58,710	4,273	7	93,989
Accumulated depreciation and impairment					
At 1 January 2010	3,665	–	3,076	6	6,747
Charge for the year	646	–	244	–	890
Disposals	–	–	(35)	–	(35)
Written-off	–	–	(18)	–	(18)
Reversal of impairment	(1,962)	–	–	–	(1,962)
Currency translation differences	363	–	319	1	683
At 31 December 2010	2,712	–	3,586	7	6,305
Charge for the year	772	1,573	154	–	2,499
Disposals	(22)	–	–	–	(22)
Written-off	–	–	(7)	–	(7)
Currency translation differences	126	–	121	–	247
At 31 December 2011	3,588	1,573	3,854	7	9,022
Net book value					
At 31 December 2010	26,969	–	526	–	27,495
At 31 December 2011	27,411	57,137	419	–	84,967

7. Property, Plant and Equipment (continued)

Land and buildings included in the hotel properties are freehold.

As at 31 December 2011, certain of the Group's hotel properties with a carrying amount of US$27.4 million (2010: US$26.9 million) were pledged to secure the Group's bank borrowings of US$20.3 million (2010: US$18.8 million) (Note 16).

As at 31 December 2011, the Group's vessels were pledged to secure the Group's bank borrowings of US$45.6 million (2010: Nil).

The carrying amount of the office equipment, furniture and fixtures included an amount of US$37,000 (2010: US$44,000) in respect of assets held under finance leases.

The recoverable amount of the hotel properties was based on the value in use and the discount rate of 6.25% (2010: 5.50%).

Company	**Office equipment, furniture and fixtures**
	US$'000
Cost	
At 1 January 2010	898
Additions	9
Written-off	(12)
At 31 December 2010	895
Additions	13
Written-off	(7)
Transfer	(4)
At 31 December 2011	897
Accumulated depreciation	
At 1 January 2010	863
Charge for the year	27
Written-off	(11)
At 31 December 2010	879
Charge for the year	11
Written-off	(7)
Transfer	(4)
At 31 December 2011	879
Net book value	
At 31 December 2010	16
At 31 December 2011	18

8. Loans Receivable

Group	Current 2011 US$'000	Current 2010 US$'000	Non-current 2011 US$'000	Non-current 2010 US$'000
Repayable between one and five years :				
Interest rate at 12% p.a.	–	–	1,289	1,233
Interest rate at 10% p.a.	–	–	2,465	2,406
Interest rate at 7% p.a.	–	283	–	–
Interest rate at 6% p.a.	232	–	3,500	3,500
Interest rate at 5% p.a.	–	–	250	250
Interest rate at LIBOR + 1.5% p.a.	1,000	3,000	–	–
Interest rate at 0% p.a.	–	–	1,000	–
	1,232	3,283	8,504	7,389

Company	Current 2011 US$'000	Current 2010 US$'000	Non-current 2011 US$'000	Non-current 2010 US$'000
Repayable between one and five years				
Interest rate at 12% p.a.	–	–	1,289	1,233
Interest rate at 10% p.a.	–	–	2,465	2,406
Interest rate at 6% p.a.	–	–	3,500	3,500
Interest rate at 0% p.a.	–	–	1,000	–
	–	–	8,254	7,139

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

9. Investments

Group	Current 2011 US$'000	Current 2010 US$'000	Non-current 2011 US$'000	Non-current 2010 US$'000
Financial assets at fair value through profit or loss :				
Unlisted shares - hotel	–	–	5,138	4,365
Unlisted shares - residential	–	–	10,112	9,496
Unlisted shares - industrial/office property	–	–	3,444	1,994
Unlisted shares - shipping	–	–	8,973	12,971
Unlisted performance notes - shipping	–	–	18,201	17,726
Unlisted performance notes - distressed debt	–	–	124	123
Listed shares - others	1,373	1,358	–	–
	1,373	1,358	45,992	46,675

9. Investments (continued)

Company	**Current**		**Non-current**	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Financial assets at fair value through profit or loss :				
Unlisted shares - hotel	–	–	23	23
Unlisted shares - residential	–	–	3,288	2,870
Unlisted shares - shipping	–	–	8,774	12,771
Unlisted performance notes - shipping	–	–	18,201	17,725
Unlisted performance notes - distressed debt	–	–	124	123
	–	–	30,410	33,512

Fair value for unlisted shares is estimated by the management with reference to market-based information and fair valuation models such as discounted cash flow models and residual methods.

Fair value of unlisted performance notes are determined by the Group's interests in the fair value of each scheme's underlying assets.

Distressed debt performance notes are redeemed semi-annually, in whole or in part, based on net cash recovered from underlying assets funded by the original note's issuance. The remaining performance notes are redeemed at their principal amounts on such other date as may be agreed by the subscribers of the performance notes.

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

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

At 31 December 2011, the Company has pledged the interest in share capital of investment of US$4 million (2010: US$4 million) as security for investees' bank loans for entering into interest rate swap agreements.

10. Investments in Associates

Summary of associates' assets, liabilities and results are as follows :

	2011 US$'000	2010 US$'000
Assets	–	188
Liabilities	–	(15)
Loss for the year	–	(47)
	=========	=========

Particulars of associates are as follows :

Name	Country of incorporation	Proportion of ownership interest 2011 %	Proportion of ownership interest 2010 %	Principal activities and place of operations
YK Grosvenor Capital Advisers Fund Management *	Japan	–	50	Project management, accounting and administration, Japan
YK Grosvenor Diamond Capital *	Japan	–	20	Project management, accounting and administration, Japan

* Not required to be audited under the laws of the country of incorporation.

In October 2011, the two associates of the Group had been wound up by way of members' voluntary liquidation.

11. Derivative Financial Instruments

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Non-current				
Financial assets at fair value through profit or loss				
Derivatives not designated as hedge				
Interest rate cap (i)	51	–	51	–
Financial liabilities at fair value through other comprehensive income				
Cash flow hedge				
Forward currency contracts (ii)	(1,122)	–	–	–
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedge				
Interest rate cap (i)	(51)	–	(51)	–
	(1,173)	–	(51)	–
Current				
Financial assets at fair value through profit or loss				
Derivatives not designated as hedge				
Forward currency contracts	–	906	–	906
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedge				
Forward currency contracts	–	(796)	–	(796)

11. Derivative Financial Instruments (continued)

(i) As at 31 December 2011, the Group held back-to-back interest rate cap with a bank and an investee company. There is no profit or loss exposure to the Group.

(ii) At 31 December 2011, the Group held foreign currency contracts to hedge the currency risk of vessel purchase commitment.

	Liabilities	
	2011	**2010**
	US$'000	US$'000
Foreign currency forward contracts		
Fair value	1,122	–

The terms of the foreign currency forward contract has been negotiated to match the terms of the purchase commitment. There were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in profit or loss. The cash flow hedge of the expected future purchase was assessed to be highly effective and as at 31 December 2011 a net unrealised loss of US$1.1 million is included in other comprehensive income.

(iii) *Derivatives not designated as hedging instrument*

During the year, the forward currency contracts held by the Group to manage its exchange rate exposures which did not meet the criteria for hedge accounting expired. Movement of the non-hedging currency derivatives are as follows :

	Note	**2011**	**2010**
		US$'000	US$'000
At 1 January		110	–
Net gain on forward currency contracts	19	47	107
Settlement of forward currency contracts		(164)	–
Currency translation differences		7	3
At 31 December		–	110

12. Accounts Receivable

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Accounts receivable	6,317	6,075	113	221
Provision for impairment	(625)	(1,878)	–	–
	5,692	4,197	113	221

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

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

	Group	
	2011	**2010**
	US$'000	US$'000
31 days to 60 days	89	28
Over 61 days	100	180
	189	208

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

	Note	**2011**	**2010**
		US$'000	US$'000
At 1 January		(1,878)	(1,091)
Reversal/(provision)	22	314	(577)
Written off		986	–
Currency translation differences		(47)	(210)
At 31 December		(625)	(1,878)

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

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

13. Deposits Pledged as Collateral

As at 31 December 2011, the Group and the Company had deposits pledged as collateral against Japanese Yen ("JPY" or "¥") denominated bank loan facilities. The aggregate amounts of the deposits pledged shall not at any time be less than 110% of the outstanding amounts under the revolving JPY loan facilities (Note 16).

14. Cash and Bank Balances

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Cash at banks and in hand	11,537	16,342	4,622	9,198
Short-term time deposits	39,627	10,186	28,523	9,599
Cash and cash equivalents	51,164	26,528	33,145	18,797

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

15. Share Capital and Share Premium

	Number of shares		Share capital		Share premium	
	2011	2010	2011	2010	2011	2010
	'000	'000	US$'000	US$'000	US$'000	US$'000
Authorised :						
Ordinary shares of US$0.16 each	750,000	750,000	120,000	120,000		
Issued and fully paid :						
At 1 January	313,195	313,195	50,111	50,111	30,732	30,732
Rights issue	156,598	–	25,056	–	587	–
At 31 December	469,793	313,195	75,167	50,111	31,319	30,732

On 15 August 2011, the Company issued and allotted 156,597,600 new ordinary shares ("Rights Shares") in the capital of the Company at an issue price of S$0.20 for each Rights Share on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company.

16. Borrowings

	Current		Non-current	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Group				
Repayable per terms of revolving loan facilities				
- Secured	27,221	38,745	61,232	1,500
- Unsecured	10,352	8,393	879	245
	37,573	47,138	62,111	1,745
Company				
Repayable per terms of revolving loan facilities				
- Secured	15,962	19,946	–	–
- Unsecured	9,867	2,200	–	–
	25,829	22,146	–	–

The effective annual interest rates of the bank borrowings range from approximately 0.794% to 5.000% (2010: approximately 0.779% to 5.500%).

The Group's borrowings are secured by means of cash deposits (Note 13), investment properties (Note 5) and property, plant and equipment (Note 7).

17. Accounts Payable

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

18. Fee Income

	2011	**2010**
	US$'000	US$'000
Arrangement and agency fee	656	3,147
Brokerage commission	3,663	1,488
Incentive fee	–	21
Asset management and administration fee	4,366	5,121
Charter income	6,541	–
	15,226	9,777

19. Investment Returns

	Notes	2011 US$'000	2010 US$'000
Interest on performance notes - shipping	33(a)	551	262
Realised gain on investment - shipping	33(a)	167	167
Realised gain on investment - hotel and residential	33(a)	139	171
Realised gain on investment - distressed debt	33(a)	–	339
Realised gain on listed shares - others	33(a)	48	39
Property rental income		608	608
Fair value adjustment on investment properties	5	1,241	391
Fair value adjustment on investment - hotel and residential		1,024	(841)
Fair value adjustment on investment - shipping		(370)	1,785
Fair value adjustment on investment - industrial/office property		1,450	–
Fair value adjustment on performance notes - shipping		(525)	(2,879)
Fair value adjustment on performance notes - distressed debt		1	16
Fair value adjustment on listed shares - others		(47)	67
Net gain on forward currency contracts	11	47	107
		4,334	232

20. Interest Income and Expense

	Note	2011 US$'000	2010 US$'000
Interest income from :			
- cash and cash equivalents		85	56
- bridging loans	33(a)	732	466
		817	522
Interest expense on :			
- borrowings		1,655	1,197
- finance lease obligations		–	1
		1,655	1,198

21. Employee Benefits Expense

	2011 US$'000	2010 US$'000
Salaries (including directors' remuneration)	14,273	12,842
Pension scheme contributions	129	101
Staff residences, other welfare and allowances	1,059	1,071
	15,461	14,014

22. Other Expenses

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

	Note	2011 US$'000	2010 US$'000
Operating lease expenses		1,519	1,521
Hotel lease		12,546	12,554
Hotel sub-operator fee		507	774
Hotel operating expenses		13,130	12,830
Investment properties operating expenses		2	2
(Reversal)/provision of bad debt expense		(5)	41
(Reversal)/provision of accounts receivables	12	(314)	577
Travelling		374	310
Entertainment		164	139
Communication		196	188
Agency fee		2,393	2,294
Professional services fees		1,792	1,066
Audit fee		397	363
Non-audit fee paid to auditors of the Group		24	17
Non-audit fee paid to other auditors		32	59
Tax and public dues		380	282
Miscellaneous		625	546
		33,762	33,563

23. Income Tax

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

(a) Income tax

	Note	2011 US$'000	2010 US$'000
Current income tax		132	416
Deferred tax	23(b)	106	(55)
Total tax expense for the year		238	361

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

	2011 US$'000	2010 US$'000
Profit before tax	1,617	2,706
Tax at domestic rates applicable to individual group entities	400	439
Tax effects of :		
- expenses not deductible for the tax purposes	1,116	304
- income not subject to tax	(4,836)	(854)
- utilisation of previously unrecognised tax losses	(91)	(93)
- deferred tax assets not recognised	3,705	578
- partial tax exemption and tax relief	(14)	(18)
- overprovision in respect of prior years	(10)	(8)
- others	(32)	13
Tax expense for the year at the Group's effective rate of 15% (2010: 13%)	238	361

23. Income Tax (continued)

(b) Deferred tax

The movements in deferred tax assets during the year are as follows :

	Note	Provision US$'000	Group tax losses US$'000	Total US$'000
At 1 January 2010		39	1	40
Credited to the income statement for the year	23(a)	55	–	55
Currency translation differences		11	(1)	10
At 31 December 2010		105	–	105
Charged to the income statement for the year	23(a)	(106)	–	(106)
Deferred tax asset acquired		9	–	9
Currency translation differences		1	–	1
At 31 December 2011		9	–	9

24. Profit Attributable to Owners of the Parent

The consolidated profit attributable to owners of the Parent for the year ended 31 December 2011 includes a loss of US$2.5 million (2010: a profit of US$3.0 million) which has been dealt with in the financial statements of the Company.

25. Dividends

The management of the Company do not recommend any final dividend in respect of the current year (2010: Nil).

26. Profit Per Share

(a) Basic

Basic profit per share is calculated by dividing the profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the year.

(b) Diluted

Diluted profit per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares during the year. The Group has one category of potential ordinary shares: share options issued in 2004 by Capital Advisers Co., Ltd. These share options are not considered to have any dilutive effect on profit per share :

	2011	2010
Profit attributable to owners of the Parent (US$'000)	1,310	2,412
	=========	=========
Weighted average number of ordinary shares in issue ('000)	372,831	313,195
	=========	=========
Profit per share (US cents per share) - basic and diluted	0.35	0.77
	=========	=========

27. Reserves

The amounts of the Group's and the Company's reserves and the movements therein for the current and prior years are presented in the statements of changes in equity on pages 62 and 63 of the consolidated financial statements, respectively.

28. Acquisition of subsidiaries

On 30 September 2011, the Group, through its wholly owned subsidiary, Sun Vista East Co., entered into a share transfer agreement to acquire all the shares of RISA Partners NAHA, INC., a hotel owning and operating company in Japan. The acquisition was completed in 25 October 2011 and RISA Partners NAHA, INC., was rename Sun Vista Naha Co., Ltd..

28. Acquisition of subsidiaries (continued)

	Fair value recognised on acquisiton US$'000
Assets	
Investments in SPC, 3rd party shares and associates	8
Deposit paid	1
Deferred tax assets	9
Accounts receivable	1,322
Prepayment, deposits and other receivables	457
Tax recoverable	473
Cash and cash equivalents	2,493
	4,763
Liabilities	
Accounts payable	(1,085)
Other payables and accruals	(3,409)
Provision for income tax	(2)
	(4,496)
Total identifiable net assets at fair value	267
Negative goodwill arising on acquisition	(212)
Currency translation difference	(8)
Purchase consideration transferred	47
Analysis of cash flows on acquisition :	
Net cash acquired with the subsidiary	2,420
Purchase consideration transferred	(47)
Net cash flow on acquisition	2,373

The fair value of the accounts receivable is US$1.3 million. None of the trade receivables have been impaired and is expected that the full contractual amounts can be collected.

29. Deconsolidation of Subsidiaries

	2011 US$'000	2010 US$'000
Accounts and other receivables	–	3
Loans receivables	–	214
Other assets	–	–
Cash and bank balances	–	160
Other payables and accruals	–	(1)
Net identifiable assets	–	376
Redemption of shares	–	(381)
Gain on deconsolidation of subsidiaries	–	(5)
Net cash outflow arising from deconsolidation :		
Cash and bank balances disposed of	–	(160)

30. Investments in Subsidiaries

	Company	
	2011 US$'000	2010 US$'000
Unlisted shares, at cost	48,462	16,636
Provision for impairment	(10,100)	(10,100)
	38,362	6,536

30. Investments in Subsidiaries (continued)

(a) Details of principal investments in subsidiaries

Details of the principal subsidiaries within the Group as at 31 December 2011 are as follows :

Name	Country/ place of incorporation	Proportion of ownership interest 2011 %	2010 %	Principal activities and place of operation
Directly held :				
Uni-Asia Capital (Singapore) Limited (i)	Singapore	100.00	100.00	Ship chartering arrangement, Singapore
Offshore Property Investment Corporation (vi)	British Virgin Islands	100.00	100.00	Investment holding, BVI
Uni-Asia Capital Company Limited (ii)	Hong Kong	100.00	100.00	Property investment, Hong Kong
Uni Ships and Management Limited (ii)	Hong Kong	100.00	100.00	Project management, accounting and administration services, Hong Kong
Uni-Asia Shipping Limited (ii)	Hong Kong	100.00	100.00	Vessel investment holding, Hong Kong
Uni-Asia Hotels Limited (ii)	Hong Kong	100.00	–	Investment holding, Hong Kong
Directly and indirectly held :				
Capital Advisers Co., Ltd(iv)	Japan	99.50	96.92	Property investment and management, Japan
Uni-Asia Finance Corporation (Japan) (vi)	Japan	100.00	100.00	Corporate finance services, Japan
Indirectly held :				
Hope Bulkship S.A. (ii)	Panama	83.00	83.00	Vessel owning and chartering, Panama
Imperial Bulkship S.A. (ii)	Panama	100.00	100.00	Vessel owning and chartering, Panama
Luna Bulkship S.A. (ii)	Panama	100.00	–	Vessel owning and chartering, Panama
Karat Bulkship S.A. (ii)	Panama	100.00	–	Vessel owning and chartering, Panama
Jade Bulkship S.A. (ii)	Panama	100.00	–	Vessel owning and chartering, Panama

30. Investments in Subsidiaries (continued)

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

Name	Country/ place of incorporation	Proportion of ownership interest 2011 %	2010 %	Principal activities and place of operation
Indirectly held :				
Uni-Asia Guangzhou Property Management Company Limited [(iii)]	People's Republic of China	100.00	100.00	Property investment, China
Vista Hotel Management Co., Ltd [(vi)]	Japan	100.00	96.92	Hotel management and operator, Japan
株式会社サン・ビスタ (Sun Vista Co., Ltd) [(vi)]	Japan	100.00	96.92	Hotel management and operator, Japan
Sun Vista Naha Co., Ltd. [(vi)]	Japan	100.00	–	Hotel management and operator, Japan
GK UIC [(vi) (vii)]	Japan	100.00	–	Property investment, Japan
Sun Vista Sapporo Co., Ltd [(vi)]	Japan	–	96.92	Hotel management, Japan
Sun Vista East Co., Ltd. [(vi)]	Japan	–	96.92	Hotel management and operator, Japan
Sun Vista West Co., Ltd. [(vi)]	Japan	–	96.92	Hotel operator, Japan
ヴィスタ有限会社 (Vista Yugen Kaisha) [(vi)]	Japan	99.50	96.92	Hotel investment holding, Japan
エムジーエイチ株式会社 (MGH Co., Ltd.) [(vi)]	Japan	–	96.92	Hotel investment holding, Japan
Yugen Kaisha Atsugi Hotel [(v) (iv)]	Japan	49.90	48.60	Hotel management, Japan

(i) Audited by Ernst & Young, Singapore.
(ii) Audited by Ernst & Young, Hong Kong.
(iii) Audited by 广州正大中信会计师事务所, PRC
(iv) Audited by Ernst & Young ShinNihon LLC.
(v) The members of the board of directors of the company are employees or directors of the Group, which are deemed as having control from an accounting perspective and thus, the company is consolidated in the Group.
(vi) Not required to be audited under the laws of the country of incorporation.
(vii) The Group invested in the company via a TK structure. The company is consolidated in the Group as the Group is deemed as having control of the company from an accounting perspective.

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

30. Investments in Subsidiaries (continued)

(b) In January 2011, the Group acquired 100% shares of Jade Bulkship S.A. for consideration of US$10,000.

(c) In January 2011, Sun Vista West Co., Ltd merged with Sun Vista East Co., Ltd into a merged entity named Sun Vista East Co., Ltd.

(d) In February 2011, the Group acquired 100% shares of Karat Bulkship S.A. for consideration of US$10,000.

(e) In April 2011, the Group increased its shareholding in Capital Advisers Co., Ltd. from 96.9% to 99.5% by subscribing to new shares issued by Capital Advisers Co., Ltd.

(f) In August 2011, the Group acquired 100% shares of Luna Bulkship S.A. for consideration of US$10,000.

(g) During the year, the Group transferred Vista Hotel Management Co., Ltd., Sun Vista East Co., Ltd., and Sun Vista Co., Ltd. from Capital Advisers Co., Ltd. to Uni-Asia Hotels Limited. On 1 December 2011, Vista Hotel Management Co., Ltd. and Sun Vista East Co., Ltd. merged into a merged entity named "Vista Hotel Management Co., Ltd.".

(h) In September 2011, the Group acquired 100% shares Sun Vista Naha Co., Ltd for consideration of US$47,000 (Note 28).

(i) During 2011, Sun Vista Sapporo Co., Ltd. and MGH Co., Ltd. both 99.5% indirectly-owned subsidiaries in Japan, were wound up by way of members' voluntary liquidation.

(j) The amounts due from/(to) subsidiaries are unsecured, interest-free and has no fixed term of repayment.

(k) The loans to subsidiaries are unsecured, interest-free or interest bearing at rates from 1% to 2% (2010: 2.15% to 5.00%) and have fixed terms of repayment or repayable on demand.

31. Financial Risk Management

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

It is the management's intention to wherever possible or desired hedge investments that are not denominated in US$. All hedging transactions are subject to Management Committee review and an approval process as stated in the Company's standard operating procedure ("SOP") for investments.

31. Financial Risk Management (continued)

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

(i) Market risk

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

- Foreign currency risk

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

  The Group has certain investments including investments made in the form of loans in Japan, Hong Kong and China, whose net assets or capital value are exposed to foreign currency risk. The Group's investments in Japan and China are currently not hedged. The Group's investments in Hong Kong will not be hedged. However, currency exposures arising from the Group's JPY loans to the Japanese subsidiaries are managed partly through JPY-denominated borrowings. The Group may use forward currency contracts to partly hedge its JPY loan exposure from shipping subsidiaries.

  The Group has regional offices and presence in Hong Kong, Singapore, Japan and China. The Group's income is denominated mostly in US$, JPY and RMB while its operating expenses are mainly denominated in HK$, US$, S$, JPY and RMB.

31. Financial Risk Management (continued)

(i) Market risk (continued)

- Foreign currency risk (continued)

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

(Amounts shown are in US$'000 equivalent)

As at 31 December 2011	**US$**	**JPY**	**S$**	**Others**	**Total**
Assets					
Investments	27,298	15,250	16	4,801	47,365
Rental deposits	–	2,471	–	–	2,471
Deposits for purchase of vessels	19,079	–	–	–	19,079
Loans receivable	5,982	3,754	–	–	9,736
Derivative financial instruments	–	–	–	51	51
Accounts receivable	374	5,442	4	(128)	5,692
Financial assets included in prepayments, deposits and other receivables	70	43	76	225	414
Deposits pledged as collateral	17,776	952	–	–	18,728
Cash and bank balances	32,454	13,146	4,279	1,285	51,164
	103,033	41,058	4,375	6,234	154,700
Liabilities					
Borrowings	(37,292)	(62,392)	–	–	(99,684)
Finance lease obligations	–	(37)	–	–	(37)
Due to Tokumei Kumiai investors	–	(1,816)	–	–	(1,816)
Accounts payable	(459)	(4,420)	(9)	–	(4,888)
Financial liabilities included in other payables and accruals	(175)	(5,224)	(9)	(127)	(5,535)
Derivative financial instruments	(1,122)	–	–	(51)	(1,173)
	(39,048)	(73,889)	(18)	(178)	(113,133)
Net financial assets/(liabilities)	63,985	(32,831)	4,357	6,056	41,567
Commitments	(33,296)	(76,617)	(421)	(843)	(111,177)
Currency exposure	30,689	(109,448)	3,936	5,213	(69,610)

31. Financial Risk Management (continued)

(i) Market risk (continued)

- Foreign currency risk (continued)

(Amounts shown are in US$'000 equivalent)

As at 31 December 2010	**US$**	**JPY**	**S$**	**Others**	**Total**
Assets					
Investments	30,820	13,862	47	3,304	48,033
Rental deposits	–	2,798	–	–	2,798
Deposits for purchase of vessels	17,985	–	–	–	17,985
Loans receivable	6,500	4,172	–	–	10,672
Derivative financial instruments	–	906	–	–	906
Accounts receivable	502	3,643	–	52	4,197
Financial assets included in prepayments, deposits and other receivables	43	62	82	1,319	1,506
Deposits pledged as collateral	11,695	872	10,174	–	22,741
Cash and bank balances	15,619	9,222	487	1,200	26,528
	83,164	35,537	10,790	5,875	135,366
Liabilities					
Borrowings	(9,450)	(39,433)	–	–	(48,883)
Finance lease obligations	–	(44)	–	–	(44)
Due to Tokumei Kumiai investors	–	(1,785)	–	–	(1,785)
Accounts payable	(267)	(3,002)	–	–	(3,269)
Financial liabilities included in other payables and accruals	(591)	(4,342)	(294)	(304)	(5,531)
Derivative financial instruments	–	(796)	–	–	(796)
	(10,308)	(49,402)	(294)	(304)	(60,308)
Net financial assets/(liabilities)	72,856	(13,865)	10,496	5,571	75,058
Commitments	(21,885)	(23,421)	(473)	(1,480)	(47,259)
Currency exposure	50,971	(37,286)	10,023	4,091	27,799

31. Financial Risk Management (continued)

(i) Market risk (continued)

- Foreign currency risk (continued)

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

	Profit after tax	
	2011	**2010**
	US$'000	US$'000
US$ against JPY :		
- strengthened	1,563	573
- weakened	(1,563)	(573)
US$ against S$:		
- strengthened	(207)	(27)
- weakened	207	27
	=========	=========

- Interest rate risk

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

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

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

As at 31 December 2011, if US$ market interest rates had been 100 basis point higher/lower with other variables held constant, profit after tax for the year would have been US$139,000 (2010: US$179,000) higher/lower, mainly as a result of higher/lower net interest income earned on floating rate financial instruments.

As at 31 December 2011, if JPY market interest rates had been 40 basis point higher/lower with other variables held constant, profit after tax for the year would have been US$193,000 (2010: US$117,000) higher/lower, mainly as a result of higher/lower net interest expense incurred on floating rate financial instruments.

31. Financial Risk Management (continued)

(i) Market risk (continued)

- Price risk

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

In case of ship investment in funds and shipping company which represented 67% (2010: 58%) of the shipping portfolio, in most case, we are limited to a negative fair value loss equivalent to the initial investment amount.

In the case of investment into hotels through the specialised fund structures which represented 11% (2010: 8%) of the total investment portfolio, we are limited to a negative fair value loss equivalent to the outstanding investment amount. No write-back on impairment (2010: a write-back on impairment of US$2.0 million) was recognised in 2011 for a hotel, classified as property, plant and equipment, in 2011. As at 31 December 2011, the carrying value of our hotels amounted to US$27.4 million (2010: US$27.0 million).

In the case of investments into residential properties through specialised fund structures which represented 21% (2010: 27%) of the total investment portfolio, we are limited to a negative fair value loss equivalent to the outstanding investments amount.

Assuming prices for ships change by 1% across the board with all other variables including tax rate being held constant, the effect on the Group's investment portfolio would be US$2.8 million (2010: US$1.1 million).

Assuming prices of real estate in Japan and China changed by 1% with all other variables including tax rate being held constant, the effect on the Group's investment portfolio would be US$334,000 (2010: US$335,000).

Assuming prices of industrial/offices in Hong Kong changed by 1% with all other variables being held constant, the effect on the Group's investment portfolio would be US$39,000 (2010: US$21,000).

31. Financial Risk Management (continued)

(ii) Credit risk

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

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

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

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

	2011 US$'million	**2010** US$'million
Corporate guarantees provided to banks/lenders	24	19

31. Financial Risk Management (continued)

(iii) Liquidity risk

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

At 31 December 2011	**Less than 3 months** US$'000	**3 to 12 months** US$'000	**1 year to 5 years** US$'000	**Over 5 years** US$'000	**Total** US$'000
Financial assets					
Investments	–	2,374	32,719	12,272	47,365
Loans receivable	271	1,793	9,619	–	11,683
Derivative financial instruments (gross)	–	–	19,034	–	19,034
Financial assets included in amounts receivables, rental deposits and other receivables	5,095	1,011	2,252	219	8,577
Deposits pledged as collateral	16,476	1,305	952	–	18,733
Cash and bank balances	51,136	72	–	–	51,208
	72,978	6,555	64,576	12,491	156,600
Financial liabilities					
Borrowings	(31,858)	(2,975)	(70,136)	(86)	(105,055)
Finance lease obligations	(2)	(7)	(28)	–	(37)
Due to Tokumei Kumiai investors	–	–	(1,816)	–	(1,816)
Financial liabilities included in amounts and other payables and accruals	(5,207)	(5,061)	(155)	–	(10,423)
Derivative financial instruments (gross)	–	–	(18,668)	–	(18,668)
	(37,067)	(8,043)	(90,803)	(86)	(135,999)

31. Financial Risk Management (continued)

(iii) Liquidity risk (continued)

At 31 December 2010	Less than 3 months US$'000	3 to 12 months US$'000	1 year to 5 years US$'000	Over 5 years US$'000	Total US$'000
Financial assets					
Investments	13	1,606	30,384	16,096	48,099
Loans receivable	191	3,833	9,092	–	13,116
Derivative financial instruments (gross)	–	36,878	–	–	36,878
Financial assets included in amounts receivables, rental deposits and other receivables	4,890	1,052	2,197	185	8,324
Deposits pledged as collateral	21,869	872	–	–	22,741
Cash and bank balances	26,533	–	–	–	26,533
	53,496	44,241	41,673	16,281	155,691
Financial liabilities					
Borrowings	(29,707)	(19,271)	(395)	(1,514)	(50,887)
Finance lease obligations	(2)	(6)	(36)	–	(44)
Due to Tokumei Kumiai investors	–	–	(1,785)	–	(1,785)
Retirement benefit allowance	–	–	–	(273)	(273)
Financial liabilities included in amounts and other payables and accruals	(6,093)	(363)	(51)	–	(6,507)
Derivative financial instruments (gross)	–	(36,767)	–	–	(36,767)
	(35,802)	(56,407)	(2,267)	(1,787)	(96,263)

31. Financial Risk Management (continued)

(iv) Capital management

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

The Group can monitor capital using the gearing ratio, which is net debt divided by total equity. The Group has net cash as at the end of reporting period for 2011 and 2010.

(v) Fair value estimation

- Fair value

The fair value of financial assets and financial liabilities by classes as at the end of the reporting period are as follows :

At 31 December 2011	**Notes**	**Loans and receivables** US$'000	**Financial assets at fair value through profit or loss** US$'000
Financial assets			
Investments - listed	(a)	–	1,373
Investments - unlisted	(b)	–	45,992
Rental deposits	(c)	2,471	–
Loans receivable	(b)	9,736	–
Derivative financial instruments	(b)	–	51
Accounts receivable	(c)	5,692	–
Financial assets included in prepayment, deposits and other receivables	(c)	414	–
Deposits pledged as collateral	(c)	18,728	–
Cash and bank balances	(c)	51,164	–
Total		88,205	47,416

31. Financial Risk Management (continued)

(v) Fair value estimation (continued)

• Fair value (continued)

At 31 December 2011	Notes	Financial liabilities at amortised costs US$'000	Financial liabilities at fair value through profit or loss US$'000
Financial liabilities			
Borrowings	(b)	(99,684)	–
Finance lease obligations	(b)	(37)	–
Financial liabilities included in accounts and other payables and accruals	(c)	(10,423)	–
Due to Tokumei Kumiai investors	(c)	(1,816)	–
Derivative financial instruments	(b)	–	(51)
Total		(111,960)	(51)

At 31 December 2010	Notes	Loans and receivables US$'000	Financial assets at fair value through profit or loss US$'000
Financial assets			
Investments - listed	(a)	–	1,358
Investments - unlisted	(b)	–	46,675
Rental deposits	(c)	2,798	–
Loans receivable	(b)	10,672	–
Derivative financial instruments	(b)	–	906
Accounts receivable	(c)	4,197	–
Financial assets included in prepayment, deposits and other receivables	(c)	1,506	–
Deposits pledged as collateral	(c)	22,741	–
Cash and bank balances	(c)	26,528	–
Total		68,442	48,939

31. Financial Risk Management (continued)

(v) Fair value estimation (continued)

- Fair value (continued)

At 31 December 2010	**Notes**	**Financial liabilities at amortised costs** US$'000	**Financial liabilities at fair value through profit or loss** US$'000
Financial liabilities			
Borrowings	(b)	(48,883)	–
Finance lease obligations	(b)	(44)	–
Financial liabilities included in accounts and other payables and accruals	(c)	(5,531)	–
Due to Tokumei Kumiai investors	(c)	(1,785)	–
Derivative financial instruments	(b)	–	(796)
Total		(56,243)	(796)

Note:

The following methods and assumptions were used to estimate the fair value :

(a) Fair value of listed investments are based on price quotations at the end of the reporting period;

(b) Fair value are estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities; and

(c) The carrying amount approximates to their fair value due to short-term maturities of these instruments.

- Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique :

Level 1 - Quoted prices unadjusted in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

31. Financial Risk Management (continued)

(v) Fair value estimation (continued)

- Fair value hierarchy (continued)

Analysis of financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period is as follows :

	Level 1 US$'000	**Level 2** US$'000	**Level 3** US$'000	**Total** US$'000
At 31 December 2011				
Financial assets				
Financial assets at fair value through profit or loss				
Unlisted shares	–	8,773	18,894	27,667
Unlisted performance notes	–	18,201	124	18,325
Listed shares	1,373	–	–	1,373
Derivative financial instruments	–	51	–	51
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	–	(51)	–	(51)
	========	========	========	========
At 31 December 2010				
Financial assets				
Financial assets at fair value through profit or loss				
Unlisted shares	–	12,771	16,055	28,826
Unlisted performance notes	–	17,726	123	17,849
Listed shares	1,358	–	–	1,358
Derivative financial instruments	–	906	–	906
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	–	(796)	–	(796)
	========	========	========	========

31. Financial Risk Management (continued)

(v) Fair value estimation (continued)

- Fair value hierarchy (continued)

The movements in fair value measurements in Level 3 during the year are as follows :

	US$'000
Financial assets at fair value through profit or loss	
At 1 January 2010	14,081
Fair value adjustment recognised in the consolidated income statement	(825)
Purchases	2,262
Disposals	(582)
Deferred tax on impairment	31
Currency translation differences	1,211
At 31 December 2010 and at 1 January 2011	16,178
Fair value adjustment recognised in the consolidated income statement	2,475
Purchases	28
Disposals	(163)
Currency translation differences	500
At 31 December 2011	19,018

During the years 2011 and 2010, there was no transfer of fair value measurements between Levels 1 and 2 and no transfer into or out of Level 3.

31. Financial Risk Management (continued)

(v) Fair value estimation (continued)

- Impact of changes to key assumptions on fair value of Level 3 financial instruments

Fair value of Level 3 investments in hotel and residential properties had been determined based on key assumptions on occupancy rates and room rates not supported by observable market prices or data. The discounted cash flow valuation methodology required management to make estimates on the expected future cash flows from the hotel and residential properties.

If occupancy rate changed by 1% with all other variables including tax rate being held constant, the effect on profit/(loss) after tax would be US$213,000 (2010: US$202,000).

If room rate changed by 1% with all other variables including tax rate being held constant, the effect on profit/(loss) after tax would be US$168,000 (2010: US$152,000).

Fair value of Level 3 investments in office/industrial properties had been determined using residual method based on key assumptions on gross development value and development cost not supported by observable market prices or data.

If gross development value changed by 1% with all other variables including tax rate being held constant, the effect on profit/(loss) after tax would be US$57,000 (2010: US$90,000).

If development cost changed by 1% with all other variables including tax rate being held constant, the effect on profit/(loss) after tax would be US$24,000 (2010: US$19,000).

32. Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the consolidated financial statements of the Group and the Company is as follows :

	Group		**Company**	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Capital commitments in respect of vessels under construction	33,280	21,850	–	–

32. Commitments (continued)

(b) Operating lease commitments - the Group as lessee

The Group leases certain of its office and hotel properties and office equipments under operating lease arrangements. Terms for the leases for properties range from three to six years and those for office equipments range between two and five years.

At the end of the reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows :

	Group		**Company**	
	2011 US$'000	**2010** US$'000	**2011** US$'000	**2010** US$'000
Premises and office equipment				
Within one year	1,195	1,537	792	964
Later than one year and not later than five years	198	991	43	777
	1,393	2,528	835	1,741
Hotel properties				
Within one year	10,623	9,528	–	–
Later than one year and not later than five years	30,903	9,770	–	–
Later than five years	34,941	3,809	–	–
	76,467	23,107	–	–

32. Commitments (continued)

(c) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment properties and leases certain of its vessels under operating lease arrangements. These non-cancellable leases have remaining lease terms of two years.

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

	Group	
	2011 US$'000	**2010** US$'000
Rental income from investment properties		
Within one year	241	178
Later than one year and not later than five years	235	40
	476	218

Future minimum chartering income receivables under non-cancellable operating leases at the end of the reporting period are as follows :

	Group	
	2011 US$'000	**2010** US$'000
Chartering income from vessels/vessels under construction		
Within one year	9,798	2,768
Later than one year and not later than five years	23,598	16,425
Over five years	–	1,339
	33,396	20,532

32. Commitments (continued)

(d) Finance lease commitments

The Group has finance leases for certain items of hotel properties and office equipment, furniture and fixtures. These lease have terms for renewal but no purchase options and escalation clauses.

Future minimum lease payments under finance lease together with the present value of net minimum lease payments are as follows :

	Group			
	Minimum lease payments		Present value of payments	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Within one year	12	11	9	8
Later than one year and not later than five years	31	41	28	36
Total minimum lease payments	43	52	37	44
Less: amount representing finance charges	(6)	(8)	–	–
Present value of minimum lease payments	37	44	37	44

(e) Investment commitments

	Group		Company	
	2011	2010	2011	2010
	US$'million	US$'million	US$'million	US$'million
Investment in industrial/office property	0.4	–	–	–
Loan to investee/related companies	3.8	–	2.9	–
	4.2	–	2.9	–

33. Related Party Transactions

(a) In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties in the normal course of business and on arm's length basis :

	2011		2010	
	Investee companies US$'000	Other related companies US$'000	Investee companies US$'000	Other related companies US$'000
Consolidated income statement				
Fee income				
Arrangement and agency fee	210	161	1,193	1,311
Brokerage commission	919	–	544	–
Incentive fee	–	–	21	–
Asset management and administration fee	2,762	125	3,253	113
Hotel income	1,056	–	3,603	–
Investment returns				
Interest on performance notes - shipping	551	–	262	–
Realised gain on investments - shipping	167	–	167	–
Realised gain on investments - hotel and residential	139	–	171	–
Realised gain on investments - distressed debt	–	–	339	–
Realised gain on listed shares - others	48	–	39	–
Net gain on forward currency contract	47	–	107	–
Interest income from participation in bridging loan	732	–	466	–
Other income	252	13	364	302
Vessel operating expenses	(611)	–	–	–
Hotel leases	(3,432)	–	(3,257)	–
Balance sheets				
Loans receivable (Note 8)	8,254	250	7,389	–
Accounts receivable (Note 12)	2,103	135	2,774	129
Due to Tokumei Kumiai investors	–	(1,816)	–	(1,785)

33. Related Party Transactions (continued)

(b) Key management personnel compensation

	2011 US$'000	2010 US$'000
Short-term benefits	2,047	2,049
Employer's contribution to defined contribution plans	43	47
Other welfare and allowances	461	427
	2,551	2,523

Included in the above is total compensation to directors of the Group amounting to US$775,000 (2010: US$616,000).

34. Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 16 March 2012.

STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2012

SHARE CAPITAL

Number of Issued Shares	:	469,792,800
Share Capital	:	USD75,166,848
Class of Shares	:	Ordinary Shares
Voting Rights	:	On show of hands - one vote On a poll - one vote for every ordinary share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 8 MARCH 2012

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	72	1.65	3,256	0.00
1,000 - 10,000	1,942	44.43	12,262,260	2.61
10,001 - 1,000,000	2,333	53.37	129,349,424	27.53
1,000,001 - and above	24	0.55	328,177,860	69.86
	4,371	100.00	469,792,800	100.00

TOP 20 LARGEST SHAREHOLDERS AS AT 8 MARCH 2012

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	169,031,611	35.98
2	EVERGREEN INTERNATIONAL S.A.	46,875,000	9.98
3	YAMASHIRO MOTOKUNI	16,112,000	3.43
4	HSH NORDBANK AG	12,500,000	2.66
5	MICHIO TANAMOTO	8,953,125	1.91
6	YOSHIDA KAZUHIKO	8,953,125	1.91
7	OCBC SECURITIES PRIVATE LTD	8,921,000	1.90
8	UOB KAY HIAN PTE LTD	8,534,500	1.82
9	EXENO YAMAMIZU CORPORATION	7,687,500	1.64
10	FUKUMORI MASAKI	7,056,000	1.50
11	ONG MENG HUAT	6,912,000	1.47
12	YEO SENG BUCK	4,622,000	0.98
13	CITIBANK NOMINEES SINGAPORE PTE LTD	3,365,000	0.72
14	PHILLIP SECURITIES PTE LTD	2,657,999	0.57
15	WONG YUN HEY	2,318,000	0.49
16	MAYBANK KIM ENG SECURITIES PTE LTD	2,017,000	0.43
17	CITIBANK CONSUMER NOMINEES PTE LTD	1,879,000	0.40
18	CIMB SECURITIES (SINGAPORE) PTE LTD	1,849,000	0.39
19	MAYBAN NOMINEES (SINGAPORE) PTE LTD	1,541,000	0.33
20	YONG NYET FAH	1,500,000	0.32
	TOTAL	323,284,860	68.83

SUBSTANTIAL SHAREHOLDERS AS AT 8 MARCH 2012

as shown in the Company's Register of Substantial Shareholders

NAME OF SUBSTANTIAL SHAREHOLDERS	SHAREHOLDING REGISTERED IN NAME OF SUBSTANTIAL SHAREHOLDERS		OTHER SHAREHOLDINGS IN WHICH SUBSTANTIAL SHAREHOLDERS ARE DEEMED TO HAVE AN INTEREST	
	NO OF SHARES	% OF ISSUED SHARES	NO OF SHARES	% OF ISSUED SHARES
Yamasa Co., Ltd	-	-	157,214,111 [1]	33.46%
Evergreen International S.A.	46,875,000	9.98%	-	-

Notes:-

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

PUBLIC SHAREHOLDINGS

Based of the information available to the Company as at 8 March 2012, approximately 50.53% of the total number of issued shares of the Company is held by the public and thereof, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Uni-Asia Finance Corporation (the "**Company**") will be held at Anson III, Level 2, M Hotel Singapore, 81 Anson Road Singapore 079908 on Friday, April 27, 2012 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:

Mr Ang Miah Khiang	(Retiring under Article 100)	**(Resolution 2)**
Mr Ronnie Teo Heng Hock	(Retiring under Article 100)	**(Resolution 3)**

Mr Ang Miah Khiang and Mr Ronnie Teo Heng Hock will, upon re-election as Directors of the Company, remain as Chairman and member of the Audit Committee respectively and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' fees of S$170,000 for the year ended December 31, 2011 (2010: S$170,000). **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.* **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6(i) Authority to allot and issue shares

"That pursuant to the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Company's Articles of Association, authority be and is hereby given to the directors to:-

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

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

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments."

(Resolution 6)

6(ii) Authority to offer and grant options and to allot and issue shares under the Uni-Asia Share Option Scheme

"That approval be and is hereby given to the Directors to:

(a) offer and grant options in accordance with the Uni-Asia Share Option Scheme (the "**Scheme**") and the Memorandum and Articles of Association of the Company;

(b) to allot and issue such shares (the "**Scheme Shares**") as may be required to be issued pursuant to the exercise of options under the Scheme provided always that the aggregate number of Scheme Shares over which options granted when added to the number of shares issued and issuable in respect of all options granted under the Scheme shall not exceed fifteen percent (15%) of the issued shares in the Company from time to time." **(Resolution 7)**

By Order of the Board

Joanna Lim Lan Sim
Company Secretary

Singapore, 4 April 2012

Explanatory Note:

*Subsequent to the transfer of the financial reporting functions (which includes the relocation of the function of the Chief Financial Officer from Hong Kong to Singapore), it is intended that the group accounts be signed off by an Ernst & Young partner based in Singapore with effect from the financial year beginning 1 January 2012 rather than an Ernst & Young partner based in Hong Kong (as in previous financial years).

Statement Pursuant to Article 44 of the Company's Articles of Association

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

(i) The Ordinary Resolution 6 proposed in item 6(i) above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may issue under this Resolution would not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company at the time of the passing of this Resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Ordinary Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 proposed in item 6(ii) above, if passed, will empower the Directors of the Company to grant options and issue shares pursuant to the Uni-Asia Share Option Scheme which was approved at the Extraordinary General Meeting of the Company on 26 June 2007.

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Transfer Agent in Singapore, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

4. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.

This page has been intentionally left blank.

CORPORATE INFORMATION

Board of Directors
Kazuhiko Yoshida
(Chairman and Chief Executive Officer)

Michio Tanamoto
(Executive Director)

Masaki Fukumori*
(Executive Director)

Ang Miah Khiang
(Lead Independent Non-Executive Director)

Ronnie Teo Heng Hock
(Independent Non-Executive Director)

Rajan Menon
(Independent Non-Executive Director)

Wu Kuang-hui
(Non-Executive Director)

* Appointed on 1 March 2012

Audit Committee
Ang Miah Khiang (Chairman)
Ronnie Teo Heng Hock
Rajan Menon
Wu Kuang-hui

Remuneration Committee
Rajan Menon (Chairman)
Ang Miah Khiang
Ronnie Teo Heng Hock

Nominating Committee
Ronnie Teo Heng Hock (Chairman)
Ang Miah Khiang
Rajan Menon
Kazuhiko Yoshida

Principal Places of Business
Hong Kong
Suite A, 26th Floor
Admiralty Centre Tower 1,
18 Harcourt Road, Admiralty,
Hong Kong
Tel: (852) 2528 5016
Fax: (852) 2528 5020

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

Japan
Nipponkoa Ginza Building 3F,
7-13-10 Ginza, Chuo-ku,
Tokyo, Japan 104-0061
Tel: (81) 3 6278 5611
Fax: (81) 3 6278 5614

Capital Advisers Co., Ltd.
Nipponkoa Ginza Building 3F,
7-13-10 Ginza, Chuo-ku,
Tokyo, Japan 104-0061,
Tel: (81) 3 5962 8600
Fax: (81) 3 5962 8610

Vista Hotel Management Co., Ltd.
Nipponkoa Ginza Building 3F,
7-13-10 Ginza, Chuo-ku,
Tokyo, Japan 104-0061,
Tel: (81) 3 5148 6600
Fax: (81) 3 5148 6633

Joint Company Secretaries
Joanna Lim Lan Sim, ACIS
Chan Wan Mei, ACIS

Company Registration
No. CR-72229

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

Auditors
Ernst & Young
22nd Floor
CITIC Tower
1 Tim Mei Avenue
Hong Kong

Partner-in-charge: Agnes Tso
(Appointed in 2008)

Share Registrar and Singapore Share Transfer Agent
Tricor Barbinder Share
Registration Service
80 Robinson Road
#02-00
Singapore 068898

Principal Bankers
Mizuho Corporate Bank, Ltd.
Hong Kong Branch
17/F, Two Pacific Place
88 Queensway
Hong Kong

The Hong Kong and Shanghai Banking Corporation Limited
Pacific Place Branch
Two Pacific Place
88 Queensway
Hong Kong

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

Hang Seng Bank Limited
83 Des Voeux Road, Central
Hong Kong

The Bank of East Asia, Limited
Singapore Branch
60 Robinson Road
BEA Building
Singapore 068892