MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

The MS Newsletter

June 2017

Adding Value to Your Business

In This Issue

Key Economic Developments

FEBRUARY - JUNE 2017

1. In February 2017, the Monetary Authority of Singapore (MAS) formed a corporate governance council to review the Corporate Governance Code (CGC). According to MAS, the review is timely since the last review of the CGC was in 2012.

2. In February 2017, the Committee on the Future Economy (CFE), that has been tasked to develop Singapore's long-term economic blueprint, released its report outlining the seven strategies to take Singapore forward. The strategies are aimed at helping the country stay open and connected to the world, ensure its people acquire and utilise deep skills, and help companies scale up through innovation and transformation.

3. In February 2017, Finance Minister Mr Heng Swee Keat outlined new measures targeted at businesses and individuals in his Budget speech in Parliament. Key measures include enhancements of tax benefits under the Global Trader Programme, tax incentives on the commercialisation of intellectual property, corporate tax rebates, funding support for internationalisation efforts of Singapore-based firms, and deferment of foreign worker levy hikes in the marine and process sectors.

4. In February 2017, the MAS announced that it will ease some of its business restrictions on finance companies to help small and medium size enterprises to get collateral-free loans through them. MAS will also relax its policy of not allowing foreign takeovers of finance companies.

5. In February 2017, MAS proposed to relax rules for venture capitalists (VCs) in a bid to attract more VCs from the United States and Europe. MAS will waive some requirements to simplify the authorisation process and lower unnecessary costs, and will focus primarily on fitness and propriety assessment of the VC managers.

6. In March 2017, the Singapore Exchange (SGX) amended the Listing Rules pertaining to e-communication of shareholder documents to allow listed companies to transmit annual reports and other documents electronically to shareholders.

7. In March 2017, SGX announced that companies listing on its mainboard will be required to allocate at least 5% or S$50m, whichever is lower, to retail investors. The minimum IPO allocation, which is effective May 2, is aimed at spurring retail participation in Singapore's equities market.

8. In March 2017, US healthcare giant Johnson & Johnson succeeded in its US$30 billion all-cash public tender offer for Swiss biotech company Actelion Ltd, controlling 77% of Actelion as at 30 March. This is the second-largest biotech deal since 2001 and the largest European pharmaceuticals acquisition in over 10 years.

Key Economic Developments (Cont.)

9. In May 2017, the Organization of the Petroleum Exporting Countries (OPEC) met in Vienna to consider an extension of the oil output cut by another nine months. A deal was reached in December in which OPEC and 11 non-members, including Russia, agreed to cut oil production by about 1.8 million barrels per day.

10. In May 2017, US Commerce Secretary Wilbur Ross indicated that the United States remains open to negotiations on the Transatlantic Trade and Investment Partnership (TTIP). According to Ross, the US only withdrew from the Trans-Pacific Partnership, not the TTIP.

11. In May 2017, China signed co-operation agreements with 68 countries and international organisations, and pledged US$124 billion for the China-led One Belt One Road (OBOR) plan, at the two-day Belt and Road Forum in the outskirts of Beijing. The event was attended by some 1,500 government officials and experts from more than 130 countries.

12. In May 2017, shareholders approved a US$49 billion merger between Essilor, a manufacturer of ophthalmic lenses, and Luxottica Group, which makes prescription eyeglasses and sunglasses under a variety of brands such as Ray-Ban and Oakley. The combined company, known as EssilorLuxottica, will be the largest player in the eyewear market with forecast revenue of US$16 billion.

13. In May 2017, MAS signed a MOU with International Finance Corporation (IFC), a member of the World Bank, to develop the ASEAN Financial Innovation Network, which, among other objectives, targets to broaden FinTech adoption within ASEAN. This is the latest in a series of FinTech collaborations. FinTech was also part of the US-Singapore Collaboration Platform MOU signed in May 2017. Earlier, in March 2017, Singapore FinTech Consortium (SFC) signed a partnership with Bahrain's Economic Development Board to establish a FinTech ecosystem and regulatory framework, aiming to strengthen cooperation between FinTech firms in the Middle East, via Bahrain, and those in ASEAN, via Singapore.

14. In June 2017, SGX added 29 companies to the SGX watch-list. 27 of these companies failed to meet the revised minimum trading price (MTP) requirements, resulting in a total of 78 mainboard-listed stocks on the MTP list. The last 2 companies failed the profitability hurdles.

Key Shipping Developments

FEBRUARY - JUNE 2017

1. The Oslo bond market is headed for a stellar 2017. Based on data from Stamdata, DNB and Danske Bank, NOK6 billion of Norwegian high yield shipping bonds were issued up to April 2017, far exceeding the full-year 2016 volume of NOK4.3 billion. Issuers include Golar LNG (US$250 million), Navigator Holdings (US$100 million), Odfjell (NOK700 million), Hoegh LNG (NOK1.5 billion), Wallenius Wilhelmsen (NOK689 million).

2. In March 2017, New York-listed DHT Holdings expanded its fleet to 30 Very Large Crude Carriers (VLCC) by acquiring 11 VLCCs from BW Group for US$538 million, including two new buildings due for delivery in 2018.

3. In March 2017, Singapore-listed offshore and marine firm Ezra Holdings filed for Chapter 11 protection to the United States Bankruptcy Court, due to financial distress arising from the offshore oil and gas downturn.

4. In March 2017, CMA CGM and PSA International launched two new berths in phase two of the CMA CGM-PSA Lion Terminal, doubling its capacity to 4 million TEUs. The newly added berths will handle CMA CGM's largest vessels, as well as those of partners in the OCEAN Alliance.

5. In March 2017, Norwegian offshore supply vessel companies signed statutory merger plans that will combine Solstad Offshore, Farstad Shipping and Deep Sea Supply into a consolidated group. The combined company will operate a fleet of more than 150 offshore vessels.

6. In March 2017, Cosco Shipping Heavy Industry announced plans to close three of its five offshore shipyards, Nantong, Zhoushan and Dongguan by 2020. Shipyards Qidong and Dalian will remain open to build high-end units and drilling platforms.

7. In April 2017, Navios Maritime Partners agreed to buy the entire fleet of 14 containerships owned by Rickmers Maritime Trust (RMT), a financially-distressed Singapore-listed shipping trust, in a US$113 million deal.

8. In April 2017, Navios Maritime Holdings, Inc. (Navios) executed a term sheet to acquire approximately 24% of First Ship Lease Trust (FSL), a Singapore-listed shipping trust, for a consideration of US$20 million, and also to extend a further US$20 million convertible loan to FSL which can be converted to approximately 26% of FSL units.

9. In April 2017, the Maritime and Port Authority of Singapore (MPA) signed five Memorandums of Understanding (MOU) with industry players to enhance technological capabilities in the maritime industry. An agreement with PSA was to renew the MPA-PSA Port Technology Research and Development Programme for the third term in three years. MPA and Jurong Port also agreed on the application of port technology for a second term of five years. An MOU with ST Electronics aims to advance efforts in maritime technology and R&D, and two additional MOUs with industry players are related to the development of smart ships.

Key Shipping Developments (Cont.)

10. In April 2017, Singapore was ranked by Norwegian consultancy firm Menon Economics (Menon) as the top maritime capital of the world for the third consecutive year. Menon ranked Singapore top in shipping as well as ports and logistics. Menon also rated Singapore highest in its overall assessment of various cities' attractiveness and competitiveness.

11. In April 2017, BW Offshore Limited (BWO) and ICBC Financial Leasing (ICBCFL) signed an agreement to jointly pursue infrastructure projects focusing on floating production storage and offloading (FPSO) units. The first joint project under the agreement, subject to approval, is ICBCFL's equity participation in a USD1.2 billion FPSO owned by BWO.

12. In April 2017, DryShips Inc agreed to sell up to US$226 million equity to Kalani Investments Limited over a period of 24 months. Funding from Kalani and an undisclosed investor have been keeping DryShips afloat, with over US$500 million of equity injected into the company over the last ten months.

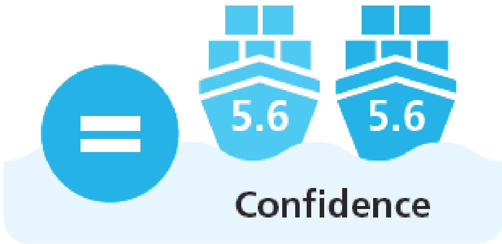
13. In May 2017, the last obstacle was cleared for a government-led US$6 billion bailout of Daewoo Shipbuilding & Marine Engineering (DSME), when a Korean high court rejected opposition from a group of investors. Under the restructuring, DSME will receive funding of US$2.6 billion pledged by state lenders, while US$3.5 billion of existing debt with private creditors will be restructured through debt-to-equity swaps, rollovers and rate reductions. DSME, hit by a multi-billion dollar accounting fraud, had been ordered by the Financial Services Commission of South Korea (FSC) to restate financial statements from 2008 to 2016.

14. In May 2017, Scorpio Tankers agreed to merge with Navig8 Product Tankers Inc. (Navig8PT). Scorpio Tankers will first acquire four LR1 tankers for US$42 million in cash, net of assumed debt, then issue equity for the remaining tankers. The deal values Navig8PT at US$229 million. Once completed, the merger will make Scorpio Tankers the largest US-listed product tanker owner with a fully-delivered fleet exceeding 100 vessels.

15. In June 2017, German shipping group Rickmers Holding AG (RHAG) filed for insolvency after its principal creditor, HSH Nordbank, rejected proposed restructuring plans. This follows the decision in April 2017 to wind up its previous subsidiary (prior to October 2016), RMT, after debt restructuring talks with bondholders failed in December 2016. RHAG was still holding on to more than 30% of RMT when it also decided to file for insolvency.

16. In June 2017, Singapore-listed offshore marine services company Pacific Radiance Limited (PRL) was granted S$85 million in loans by International Enterprise Singapore, under the Internationalisation Finance Scheme (IFS), and Spring Singapore, under the Bridging Loan scheme (BSS), to support PRL's working capital needs. IFS was upscaled in late 2016 to support the financing needs of marine and offshore firms, and BSS was re-introduced for the same purpose. The Government takes on 70% of the risk for both loan schemes.

Shipping Confidence Steady Amidst Pressures

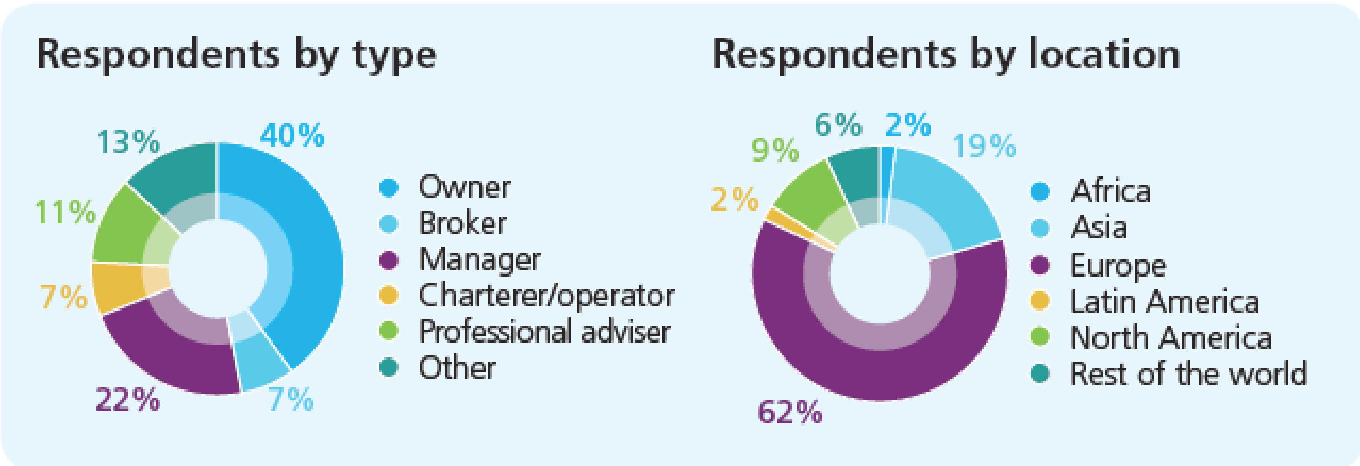


Shipping confidence has not changed in the three months to end-February 2017 despite industry and political pressures, according to the latest Shipping Confidence Survey by Moore Stephens. Respondents' average confidence level held constant from the previous survey in November 2016 at 5.6 out of 10.0 - the highest rating since August 2015.

In general, respondents have expressed concerns on intense competition, overtonnaging and geopolitical uncertainty. 2017 is foreseen as a year of retrenchment rather than improvement.

Owners were more optimistic than in November 2016, with an improved confidence level of 5.6 from 5.4. However, confidence on the part of the other categories of respondent dropped. The confidence level of charterers was down from its all-time survey high of 6.8 to 5.9, of managers from 6.4 to 6.0, and of brokers from 5.6 to 4.6.

Geographically, confidence in was up in Europe and North America, from 5.4 to 5.5 and 5.9 to 6.1 respectively, but down from 5.7 to 5.6 in Asia.



The likelihood of respondents making a major investment or significant development over the next 12 months was unchanged for the fourth successive quarter, with a rating of 4.9 on a scale of 1 to 10. The confidence of managers in this respect was up from 5.2 to 5.6, the highest since August 2015. Owners also recorded a small improvement, from 5.0 to 5.1. Charterers and brokers, however, were less confident in this regard than they were three months ago, from 6.4 to 5.8 and 3.8 to 3.4 respectively.

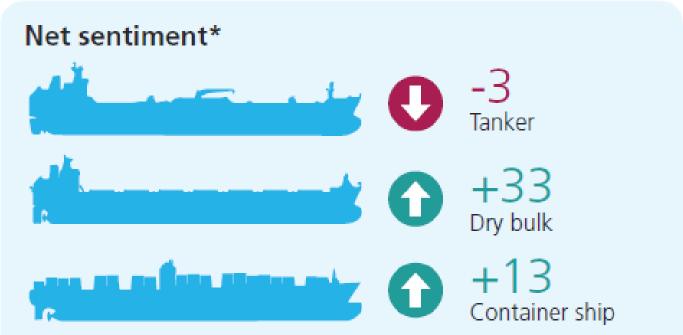
Shipping Confidence Steady Amidst Pressures (Cont.)

The number of respondents who expected finance costs to increase over the next 12 months reached its highest level since November 2011 at 54%. There was a decrease in the numbers of owners from 58% to 57% and brokers from 53% to 41%. In contrast, 61% of managers are expecting increases, up from 52% in December 2016.

Demand trends overtook competition as the factor expected to influence performance most significantly over the next 12 months, followed by finance costs and tonnage supply.

There was an eight percentage point drop in the number of respondents anticipating improved rates in the tanker market over the next 12 months. The number of respondents anticipating lower tanker rates increased to 28% as opposed to 24% in the previous survey. Meanwhile, there was an increased expectation of higher rates in the dry bulk and container ship trades.

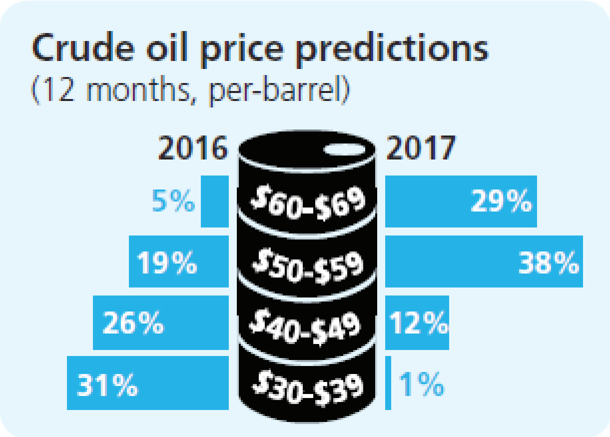
The net sentiment in the tanker markets was -3, as opposed to +33 in the dry bulk markets and +13 in the container ship trades.



* 'Net' figures are the balance of 'higher' and 'lower' responses. Positive 'net' figures imply more 'higher' responses than 'lower' and negative figures imply the opposite.

Respondents were asked in a stand-alone question to identify the price range they expected crude oil (per-barrel) to be in 12 months' time. Majority of the respondents predicted a range of $50-$59, identified by 38% of respondents, as opposed to 19% in the February 2016 survey. Only 1% estimated crude oil prices to be in the $30-$39 range, as opposed to 31% in February 2016.

Richard Greiner, Moore Stephens partner, shipping and transport, felt that the survey results were encouraging given the continuing political uncertainty in the US and Europe: "Elsewhere, the issues facing the industry include an over-supply of ships and insufficient demolition. Freight markets are dragging along the bottom in many sectors, with net rate sentiment in the tanker market being particularly low. Add to this the expectation of higher ship finance costs, the mounting costs of regulation, the threat of cyber-crime and projected increases in operating costs and it is evident that shipping will not be a picnic for the foreseeable future."



Audit Committee commentary on Key Audit Matters in Annual Report

At the ACRA-SGX-SID Audit Committee Seminar 2017 held on 13 January 2017, Mr Kenneth Yap, Chief Executive of Accounting and Corporate Regulatory Authority (ACRA), strongly encouraged Audit Committees (AC) to consider providing commentaries in the company's annual report for 2016 to explain significant financial reporting matters and to complement auditors' commentary on Key Audit Matters. This commentary will enable investors to hear directly from the audit committees and deepen their trust that audit committees have appropriately discharged their oversight responsibilities.

ACRA has indicated that the AC commentary will not be mandatory. However, ACRA and Singapore Exchange (SGX) will monitor the publication of such reports by companies.

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Singapore Budget Seminar 2017

Recent Disruptive Forces In World Trade - How Should Singapore Respond?

Participants at the Moore Stephens - CCS Singapore Budget 2017 Seminar.

Companies that scale up on capabilities in technology, innovation, and internationalisation will reap maximum benefits from the 2017 Singapore Budget. That was the clear conclusion from the Moore Stephens – CCS Singapore Budget Seminar 2017, held at Suntec City Convention Centre on 3 March 2017 and attended by some 250 participants including Directors, CFOs and finance executives.

Taxation Budgetary Measures

Commodity companies will enjoy concessionary tax rates of 5-10% on a wider range of income under the Global Trader Programme ("GTP"), as well as lower compliance costs, under the latest budgetary measures, according to Ms. Law Pei Serh, Associate Director of Complete Corporate Services Pte Ltd.

Previously, GTP concessionary rates applied only to narrowly-specified trade income with specified counterparties. Accordingly, GTP companies must closely track trading counterparties, and segregate eligible trading income, which may require efforts to split income between closely-related activities that only partly qualify for GTP. Budget 2017 removes the counterparty requirements thereby reducing compliance costs from counterparty-tracking activities. It also extends the concessionary rates, beyond commodity trading, to activities such as commodity storage and processing. Besides increased tax savings due to the larger range of income that is now taxed at the concessionary rates, compliance costs will reduce as companies have less need to split income between closely-related activities.

In line with the focus on innovation in the recent report by the Committee on the Future Economy, companies that develop and commercialise intellectual property (IP) in Singapore can look forward to incentive tax rates on income from the commercialisation of IP, according to Mr. Lim Peng Huat, Tax Director of Complete Corporate Services Pte Ltd. The Economic Development Board, which will

Singapore Budget Seminar 2017 (Cont.)

administer the IDI, will release more details in May 2017. However, Mr. Lim cautioned that in line with restrictions imposed by OECD's Base Erosion and Profit Shifting initiative, IDI benefits only apply to IP that arises from research and development (R&D) activities in Singapore.

Besides the above key measures, Ms. Law and Mr. Lim also discussed at length other measures highlighted in the Budget including changes to the Corporate Income Tax Rebate, taxation changes for cost sharing agreement payments for R&D projects, personal income tax changes, and others.

Other Budgetary Measures

Thereafter, Ms. Law provided an overview of other key budgetary, non-taxation measures. According to Ms. Law, the objective of these measures are mainly to help companies digitize, innovate, and internationalise.

Digitization measures include the SME Go Digital Program to provide companies with step-by-step advice on use of technologies at each stage of company growth, and access to government agencies with the capability to provide advisory and funding support for the development of information technology solutions. Innovation measures include the Headstart program, which allows small and medium enterprises to collaborate with A*STAR in research initiatives and enjoy royalty-free and exclusive intellectual property licenses for the first three years. Internationalisation measures include the International Partnership Fund, which allows companies to co-invest with the Government in overseas expansion, as well as improvements to certain existing funding programs for overseas expansion.

Economic Insights

Strategies for a productive Singapore economy include the enhancement of the manufacturing sector, stronger automation, deeper worker skillsets, a modernised construction industry, and a low-cost healthcare sector through the use of foreign labour, among others, in the view of Professor Augustine Tan, Practice Professor of Economics at the School of Economics, Singapore Management University.

This is against the backdrop of major global disruptive forces including technological disruption, Brexit, the recent U.S. Election and the renegotiation of global trade pacts by the latter. Professor Tan noted that Singapore, being highly-reliant on global trade, will not be spared the effects of such disruption. In particular, Singapore must deal with the effects of increased re-shoring by US multi-national corporations, China's ambitions to move up the value chain, aggressive potential tax initiatives by the US to increase competitiveness, and the potential increase in US interest rates.

On the home front, Singapore's challenges include skills mismatch issues faced by Professionals, Managers, Executives and Technicians ("PMET"), matching graduates with good jobs, and a rapidly-ageing population.

Professor Tan opined that in seeking a solution to the above challenges, Singapore can consider re-focusing its strategy on outward-oriented sectors, in which growth has been strongest for the past 8 years.

Singapore Budget Seminar 2017 (Cont.)

Thereafter, Mr. Song Seng Wun, Director and Economist at CIMB Private Banking, took the stage to address the macro outlook in 2017. Presenting a more sanguine view of the global economy, Mr. Song noted that a global recovery is already underway, despite downside risks, and demonstrated this with a wide range of economic statistics that pointed upwards at the start of 2017. Downside risks include, inter alia, heightened uncertainty, protectionist measures, and risks of financial market disruptions.

Against this backdrop, Mr. Song noted that the 2017 budget is built on "calm" proposals with no "fireworks", and a view on the long run to reduce reliance on foreign labour and ensure that Singapore stays relevant as a globally connected, clean and efficient city-state supported by a strong workforce and infrastructure that keep pace with developments in disruptive technology.

The seminar concluded with a panel session in which views were shared between the speakers and audience. The panel discussion was hosted by Mr. Mick Aw, Senior Partner at Moore Stephens LLP, Singapore. Highlighting the declining contribution of the manufacturing sector to the Singapore economy over the past 10 years, Mr. Aw noted that the Budget initiatives to internationalize by taking low-value manufacturing activities overseas will exacerbate this trend unless balanced by an equal or greater contribution from the drive towards higher-end manufacturing. The seminar was followed by a lively networking session and ended at 4.30pm.

(L) to (R): Mr. Mick Aw, Mr. Song Seng Wun, Professor Augustine Tan, Ms. Law Pei Serh, and Mr. Lim Peng Huat. Views from speakers and the audience were shared during panel discussion.

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Revenue Expenses claim for Real Property Investment

Companies and individuals engaged in real property investment acquire real properties for long term holding purposes, in order to derive rental income and potential capital gains.

For income tax purposes, the letting of property is normally viewed as a passive activity and the rental income is taxed as a passive-source income, as opposed to trading income. As such, the deduction claim on revenue expenses would be more restrictive as compared to that available to an active trading activity.

Costs of securing tenants

Strictly, rental expenses such as agent's commission, advertising and legal expenses for getting the first tenant of each property acquired is capital in nature and not deductible against the rental income of that property. It follows that such expenses incurred to secure subsequent tenants for the property would be deductible to the extent that the expenses are revenue in nature.

Block basis concession

As a concession for investors who acquire multiple properties and derive rental from these concurrently, the IRAS regards the tenancies associated with income-producing properties that belong to the same investor as a single source of income ("block basis").

On this basis, only expenses incurred in securing the first tenant in the group of income-producing properties are considered to be capital in nature and prohibited from deduction. Expenses incurred in securing the first tenant of additional properties in the group are deductible against the rental income of that property. This treatment applies regardless of whether the investor is an individual or an investment holding company. However, if the additional property is non-income producing, the expenses incurred will not be deductible and cannot be set off against income derived from income-producing properties.

In addition, under the block basis concession, the excess of expenses over the rental income (i.e. rental deficit) for certain properties will be allowed for set-off against the net rental income of other properties. This does not however apply to properties that did not derive any rental income during the year, that is, the rental deficit of such non-income producing properties cannot be deductible against the net rental income of other properties.

Continuing source concession

In view of the current slowdown in property tenancy take up rate, landlords may now face situations where properties remain vacant for periods. Strictly, for properties having vacant periods in between tenancies, the rental expenses incurred or attributable to the vacant periods would not be deductible since the properties are not deriving any income during such periods.

In practice, the IRAS is generally prepared to allow deduction claim on the expenses attributable to the temporary vacant period against the rental income earned during the year. However, it must be demonstrated that reasonable efforts had been taken to source for tenants during the vacant period. Again, this treatment will generally apply to both companies and individuals.

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Singapore Shipping Forum 2017

The Future of Shipping: Game Changers

The future of shipping will be dominated by the themes of Asian lease financing, innovation, and sustainability, according to Mr. Mick Aw, Senior Partner of Moore Stephens LLP, Singapore.

Speaking at the Singapore Shipping Seminar, Mr. Aw highlighted the growth of Asian banks and financial leasing with reference to data on Asian bank portfolios. ICBC Leasing, for example, grew its assets from less than US$700 million in 2009 to nearly US$9 billion by June 2016, according to Marine Money. Besides financing, innovations such as data analytics and automation, will also feature in the future of shipping as they have much potential to improve efficiencies. Innovative solutions are needed to mitigate rising compliance costs, such as those arising from the Ballast Water Management ("BWM") Convention and the agreement to cap sulphur emissions.

Mr. Steve Saxon, Expert Partner of Shipping at McKinsey and Company, discussed macroeconomic drivers in the shipping industry. Mr. Saxon remained optimistic about the industry in general, highlighting positive trends including continued growth in container trade volume, and increasing trade among developing economies. However, challenges abound, the most significant one being the over-building of vessels. According to Mr. Saxon, over the longer term, the two most positive sectors are cruise ships and Liquefied Natural Gas (LNG) carriers, while long-term development in bulk carriers will be challenged by limited growth in bulk commodities.

The Baltic Exchange has comprehensive plans to enhance support for the industry, according to Mr. Mark Jackson, Chief Executive Officer of the Baltic Exchange, including enhanced dispute resolution capabilities, enhancements to the Baltic Code, new escrow facilities to support vessel transactions, and a proposed electronic platform for post-trade contract development and digitisation, among others. Mr. Jackson was followed by Mr. Peter Hinchliffe, Secretary-General of the International Chamber of Shipping ("ICS"), who highlighted issues in developing regulations such as BWM.

(From left to right) Mr. John D'Ancona, Mr. Logan Chong, Mr. Carl Ackerley, Mr. Steve Saxon and Mr. Julian Bray.

Singapore Shipping Forum 2017 (Cont.)

Next, a ship financing panel led by Mr. Logan Chong, Managing Director of Transportation Sector and Investment Banking Asia Pacific at BNP Paribas, took the stage. The panel comprised of major Chinese financial leasing representatives including Mr. Jack Xu (Head of Shipping, CMB Financial Leasing), Mr. Jerry Yang (Head of Shipping, Minsheng Financial Leasing), and Ms. Stacy Zhang (Senior Manager, Shipping Finance, ICBC Financial Leasing). According to the panellists, Chinese ship lease financing is in demand due to its capacity for higher leverage ratios and greater flexibility. As a result, many traditional banks are seeking partnerships with Chinese lessors. Going forward, panellists generally concurred that there will be an increasing focus on credit risk management.

The seminar ended with a participant poll which was conducted simultaneously with a closing panel led by Mr. Julian Bray, editor-in-chief of Tradewinds. The panel comprised of Mr. Chong and Mr. Saxon, together with Mr. Carl Ackerley, Director of Grindrod Shipping, Mr. John D'Ancona, Divisional Director of Dry Bulk Analysts at Clarksons Platou Asia, and Mr. Matthew Forrest, Director of Transportation Sector and Investment Banking Asia Pacific at BNP Paribas. The poll results indicated that participants remain conservative about shipping investments, and are most concerned with the sulphur emission and BWM regulations, trade wars, and vessel supply issues.

The Singapore Shipping Seminar was jointly organised by Moore Stephens LLP and BNP Paribas at Marina Bay Sands, on 27 April 2017, in conjunction with the Singapore Maritime Week that is driven by the Maritime and Port Authority of Singapore. It was well-attended by over 250 delegates from shipping corporations and financiers from around the world, as well as key maritime legal and governmental associations.

(From left to right) Mr. Chris Johnson, Moore Stephens LLP, Singapore, Mr. Terrence Tan, Mr. John D'Ancona, Mr. Logan Chong, Mr. Mick Aw, Mr. Carl Ackerley, Mr. Steve Saxon, Mr. Matthew Forrest and Mr. Julian Bray, wrapping up the session with a group photo of speakers and panelists at the Singapore Shipping Forum 2017.

The forum was well-attended by over 250 delegates from shipping corporations and financiers from around the world, as well as key maritime legal and governmental associations.

Delegates actively interacting at the post-event networking session.

Moore Stephens in the News

The Straits Times | Monday, March 6 2017

Shipping firm Hanjin winding up Singapore operations

Hanjin's office at PSA Building will close by the end of this month, says an employee. Hanjin has been declared bankrupt and its assets ordered to be liquidated in the container shipping industry's biggest collapse. ST PHOTO: JACQUELINE WOO

"....the end of Hanjin's operations here is "just one more nail in the coffin" for the company."

Wong Koon Min
Partner,
Moore Stephens LLP,
Singapore

The Straits Times | Saturday, April 15, 2017

What lies ahead for Ezra in bid to stay afloat?

Representatives from the Securities Investors Association (Singapore) will be present as well.

UNCERTAIN CLIMATE

With the uncertainty surrounding oil prices, it is hard to predict when there will be an uptick in the industry and, correspondingly, in Ezra's business... Such uncertainty may well persuade creditors to take some form of a haircut on the debts owed to them.

Various possible scenarios await Ezra from here. The most optimistic is that Ezra enters Chapter 11 and, while under bankruptcy protection, the market recovers.

This would allow Ezra to return to profitability and repay its debts and, accordingly, exit Chapter 11.

Mr Wong Koon Min, partner at auditing and advisory firm Moore Stephens, says that Chapter

"However, filing for Chapter 11 is a further sign of financial distress, and business confidence in the company may further deteriorate as a result," adds Mr Wong. "Recapitalisation is generally the solution but this is not in sight..."

Wong Koon Min
Partner,
Moore Stephens LLP,
Singapore

Moore Stephens in the News (Cont.)

Hellenic Shipping News | Tuesday, April 18, 2017

12th Singapore Maritime Week to guide global industry in navigating through challenging times

in International Shipping News 18/04/2017

Amid structural and cyclical changes brought about by over-capacity, mega-alliances, increasing digitisation, as well as economic and geopolitical uncertainties, Singapore remains a premier global hub port and leading international maritime centre that held steady growth in 2016.

In the face of headwinds, Singapore Maritime Week (SMW) 2017 – organised by the Maritime and Port Authority of Singapore (MPA) – will rally the global maritime industry for a week of discussions and networking to address critical issues impacting the regional and international maritime scene today. Into its 12th year, SMW will feature a record number of 34 events, including 20 business forums, eight networking receptions and six community outreach events. Themed "Navigating through Challenging Times", the plethora of forums, exhibitions and public activities will reach close to 50,000 people and set the stage for the year ahead.

Over the week, key maritime thought leaders will discuss how the industry can tackle multi-faceted challenges. In addition to a keynote maritime lecture and other high-level forums, public showcases will give visitors a glimpse into Singapore's offerings as a premier global hub port and leading international maritime centre.

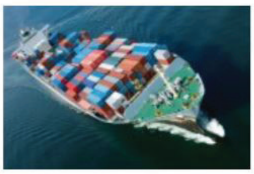
Mr Andrew Tan, Chief Executive of MPA, said, "Given fundamental shifts in the economy and technological advances that are transforming the maritime industry at an unprecedented

"Another platform covering issues facing the shipping industry, the Moore Stephens Singapore Shipping Forum 2017 will place a spotlight on the changing geopolitical scene, impact of the steep fall in oil prices, how ship owners are adapting to a new regulatory environment, as well as the view of investors and financiers on the industry's future..."

Platts | Tuesday, April 27, 2017

Consolidation in containers could augur more sustainable freight rates: expert

Consolidation in the container sector has sped up scrapping in the less popular classes and, after near record low freight rates last year, future rates could become more sustainable, a senior partner at Moore Stephens, an international accountant and shipping adviser, said Thursday.



Mick Aw, speaking at the Moore Stephens-BNP Paribas: Singapore Shipping Forum, said consolidation in containers could well set the theme across other asset classes.

"Developments in data analytics, predictive analytics, and rapid automation, will all help transform and disrupt the industry but it is all for the better," Aw said. "Perhaps the darkest days are past and we await better days. Meantime, my money is on cruise ships."

As for bulkers, Aw said there was general cautious optimism having gone from a record low 290 points on February 10, 2016, on the Baltic Dry Index to 1,154 Wednesday.

However, according to the Baltic and International Maritime Council, fleet growth in the first quarter of 2017 stood at 2.6%, due to reduced scrapping.
"Such growth will dampen rates again," Aw said.

There was similar optimism for tankers, but an oversupply could again dissipate any bright spots.

"In shipping, sometimes we are our own worst enemies. Easy money has been increasing supply and this will slow down recovery," he said.

"Assuming a new normal of oil price between \$60-\$80/b, we may need another 4-5 years of rewinding before new investments will be warranted and a new equilibrium is reached.

Esther Ng, 27th April 2017 16:02 GMT

"Developments in data analytics, predictive analytics, and rapid automation, will all help transform and disrupt the industry but it is all for the better," Aw said. "Perhaps the darkest days are past and we await better days..."

Mick Aw
Senior Partner,
Moore Stephens LLP,
Singapore

Moore Stephens in the News (Cont.)

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FINANCE

Chinese banks show prowess as game-changers in ship finance

Panellists discuss the sector's shift from West to East and how Chinese banks want a piece of the 'whole supply chain'

Irene Ang
Singapore

ON-STAGE OFFERINGS: Moore Stephens senior partner Mick Aw (above) and ICBC Financial Leasing senior financing manager Stacy Zhang (right)

Photo: Spencer Tan

"The Future of Shipping: Game Changers" was the theme widely explored during the annual Singapore Shipping Forum — an event hosted by Moore Stephens and organised in conjunction with co-sponsor BNP Paribas.

Running in its 8th edition, the forum focused attention on the shift in ship financing from West to East.

Mick Aw, a senior partner at Moore Stephens, highlighted that ship finance has become more difficult in recent years as the shipping downturn continues and traditional financiers and banks increasingly decide to exit the industry.

On the other side of the coin, Asian banks have expanded their shipping portfolios. Three Chinese banks that have made notable expansion in shipping assets are Bank of China (BOC), ICBC Financial Leasing and China Development Bank (CDB).

BOC's shipping assets have grown from $13bn to $21bn between 2010 and 2015, while ICBC's more than tripled from $5bn to $18bn. CDB's grew from less than $2bn to $11bn.

During a panel discussion, Stacy Zhang, ICBC Financial Leasing's senior financing manager, said her company entered ship leasing activity 10 years ago and had since built up a sizeable portfolio.

"It was a good and unique time to enter the ship-leasing sector as Western banks were cutting down their activities," Zhang said.

"It gave ICBC the opportunity to work with shipowners. We are aware of the risks involved in this business and are trying to balance it."

Chinese banks and leasing companies have been active in funding conventional commercial vessels such as bulkers and containerships.

But it appears they are ready to go beyond that.

Jerry Yang of Minsheng Financial Leasing said his firm had interests in the upstream and offshore segments, adding that it wanted to be involved in the "whole supply chain".

With the shipping industry still in turbulent waters, McKinsey & Company executive partner Steve Saxon said growth was slowing down in most shipping sub-sectors.

Saxon added that he thought seaborne iron ore demand would peak in the medium-term while seaborne thermal coal would remain flat into 2021.

"Given the demand outlook and supply overhang, we are cautiously optimistic for certain vessel segments if no extra capacity is ordered," Saxon said.

He viewed the LNG and cruise sectors as good areas with high single-digit growth, while he classed dry bulk and crude businesses to be "bad with no growth to decline".

During the real-time polling and live interaction exercise, a majority of attendees (39%) believed that there should not be any investments made on assets even though there was optimism about market recovery. However, 33% thought bulkers would be the best place to park their money, followed by tankers with 14% of the vote.

"Mick Aw, a senior partner at Moore Stephens, highlighted that ship finance has become more difficult in recent years..."

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