CCS
Complete Corporate Services Pte Ltd

The CCS Newsletter

October 2016

The Right Choice for your Business Solutions

In This Issue

Key Economic Developments

- On 23 June 2016, Britain voted to leave the European Union in an historic referendum. British Prime Minister David Cameron, who had campaigned to remain in the bloc, officially resigned on 13 July and was replaced by Home Secretary Theresa May.

- BHP Billiton reported its worst-ever annual loss of US$6.39 billion for the 12 months ended 30 June 2016, as a deep slump in commodity prices hit the world's top miner by market value.

- China's four largest banks collectively wrote off US$19.5 billion of bad loans in the first half of 2016, 44% more than in the same period last year. Non-performing loans of Chinese banks have been expanding by 10-30% every six months.

- In July 2016, Yahoo agreed to sell its core internet properties to Verizon Communications for US$4.83 billion in cash. The sale puts an end to Yahoo's 21-year history as an independent company. Yahoo will be left with its investments in Alibaba Group Holding and Yahoo Japan.

- On 14 July 2016, mobile messaging company Line Corp raised more than US$1 billion in its initial public offering (IPO) in New York, the biggest technology IPO of the year. Line plans to use part of the IPO proceeds to acquire companies of content and technology, transforming its messaging service into a one-stop shop for Asian social media users.

- In July 2016, Nintendo share prices rocketed following the launch of its mobile game Pokémon GO, doubling the firm's market capitalisation to US$42.5 billion. Share prices retreated after Nintendo announced limited earnings impact from the game, but surged again on 8 September 2016 following an announcement that Nintendo's famous game franchise Super Mario will be available on the Apple iPhone.

- On 21 July 2016, Singapore authorities announced the investigation of 1MDB-related funds flowing through Singapore. This came after the US Attorney General sought to recover more than US$1 billion in assets allegedly tied to 1MDB. MAS also announced that they have found lapses in anti-money laundering controls in several financial institutions including DBS, Standard Chartered Bank and UBS.

- In August 2016, MAS banned the Singapore branch of Swiss-based Falcon Private Bank Limited from taking on new business in Singapore, due to a possible breach of anti-money laundering regulations in handling transactions linked to Malaysian state fund 1MDB.

- On 18 August 2016, Singapore Telecommunications Ltd disclosed in filings to the Singapore Exchange, that it has entered into conditional share purchase agreements with Temasek Holdings to buy 21% of Thailand's Intouch Holdings PCL, and a further 7.39% of India's Bharti Telecom, for S$2.47 billion of cash.

Key Economic Developments (Cont.)

- On 30 August 2016, the European Union ordered Apple to pay US$14.5 billion in back taxes plus interest to Ireland, due to allegedly illegal tax benefits provided by Ireland to Apple. Apple and Ireland both intend to appeal.

- On 31 August 2016, Canadian Finance Minister Bill Morneau announced that Canada will seek membership in the China-led Asian Infrastructure Investment Bank (AIIB). Canada is the latest ally of the United States to join AIIB.

- On 1 September 2016, the Infocomm Development Authority of Singapore (IDA) announced that three firms – MyRepublic, TPG Telecom, and airYotta, have submitted an Expression of Interest to be Singapore's fourth telco. IDA will announce the winning bid by mid-October.

- On 6 September 2016, the Inland Revenue of Authority of Singapore and the Australian Taxation Office in a joint statement said they have signed an agreement on the automatic exchange of financial account information to fight tax evasion. Singapore and Australia's information sharing under the Common Reporting Standard will start by September 2018.

- On 7 September 2016, Dell Inc. said it completed its acquisition of EMC Corp. for US$60 billion, the largest technology merger in history. The transaction will create a US$74 billion market leader named Dell Technologies, which will be the world's largest privately controlled tech company.

- In the ASEAN summit held in Ventiane, Laos in September 2016, ASEAN nations and China affirmed cooperation on regional trade and investment. According to Singapore Prime Minister Lee Hsien Loong, the Regional Comprehensive Economic Partnership, a mega regional trade agreement that includes China, is "a new viable pathway towards an eventual free-trade area of Asia-Pacific alongside the Trans-Pacific Partnership".

Key Shipping Developments

- In May 2016, Dubai port operator DP World Ltd raised US$1.2 billion in a new 7-year Sukuk which was listed on Nasdaq Dubai on 1 June 2016. Funds raised were meant to refinance DP World's existing 2017 Sukuk as well as for general corporate purposes. It is the fourth debt listing on Nasdaq Dubai by DP World.

- On 2 June 2016, the International Chamber of Shipping (ICS) elected Esben Poulsson, President of the Singapore Shipping Association, as its new Chairman at the ICS annual general meeting in Tokyo.

- On 6 June 2016, China COSCO Shipping officially launched the world's largest tanker company by fleet size in terms of both ship numbers and deadweight tonnage, COSCO Shipping Energy Transportation (CSET). CSET has a total of 105 oil tankers, including nine liquefied natural gas carriers and a deadweight tonnage of approximately 17 million.

- On 15 June 2016, CMA CGM and PSA Singapore Terminals announced a joint venture, CMA CGM-PSA Lion Terminal, to operate four berths at Singapore's Pasir Panjang Terminal Phases 3 and 4. The JV will provide CMA CGM and its affiliates with long-term access to the latest infrastructure in the expanded Pasir Panjang terminal.

- On 26 June 2016, the Panama Canal Expansion opened amid much fanfare as the Neo-panamax vessel, Cosco Shipping Panama, made its way through the first new Agua Clara Locks. The nine-year, US$5.4 billion expansion doubles the waterway's cargo capacity and also allows ships to navigate through much faster.

- In June 2016, Singapore-based container line NOL was acquired in a S$3.38 billion acquisition by French shipping line CMA CGM. On July 18, trading in shares of NOL on the Singapore Exchange was suspended with CMA CGM owning approximately 98 percent of NOL's share capital.

Key Shipping Developments (Cont.)

- In July 2016, the United Arab Shipping Company S.A.G. (UASC) signed a merger agreement with Hapag-Lloyd AG. The merger is expected to be completed by the end of 2016, and the combined entity, which will remain headquartered in Hamburg and listed in Germany, will rank among the five largest container shipping lines in the world.

- In July 2016, South Korean shipping line Hyundai Merchant Marine (HMM) signed a preliminary deal to join a 2M vessel-sharing alliance of Maersk Line and Mediterranean Shipping Co (MSC), to fulfill conditions set out in the voluntary agreement made between HMM and its creditors.

- Singapore's plan to become an LNG hub in the region gains momentum. In July 2016, Keppel and Shell inked a 50-50 joint venture deal to form a Singapore-based LNG bunkering business. Ship repairer Sembcorp Marine is also actively exploring opportunities in the offshore LNG business and has its sights set on the construction of full-size LNG carriers. In addition, the Maritime and Port Authority of Singapore (MPA), beginning 1 July 2016, has extended incentives of its Green Ship Programme (GSP) to ships using LNG. Qualifying Singapore-flagged ships will enjoy a reduction of initial registration fees and a rebate on annual tonnage tax.

- On 29 July 2016, Swiber Holdings placed itself under judicial management, reversing a winding-up application that it had initially announced a day earlier. The offshore services provider recently said claims against it amounted to S$268 million as of August 2016.

- On 1 August 2016, US-based cargo shipper International Shipholding Corporation (ISH) filed voluntarily for Chapter 11 bankruptcy protection. According to CEO, Erik L. Johnsen, ISH said it intends to maintain normal course operations.

- In August 2016, filings submitted by Royal Bank of Scotland (RBS) indicated that the bank held more than US$1.34 billion of shipping loans, of which more than US$1.15 billion pertained to non-performing dry bulk loans, with a 100% probability of default.

- On 22 August 2016, the Baltic Exchange and Singapore Exchange Ltd (SGX) announced an offer by SGX for the entire issued share capital of the Baltic Exchange. Baltic shareholders will receive GBP 160.41 per share plus a final dividend of GBP 19.30 per share, giving the business a total valuation of about GBP 87 million.

- On 31 August 2016, Korea's Hanjin Shipping Co. filed for court receivership after its creditors decided not to extend further financial support to the container shipping line. Following court receivership, Hanjin is seeking to take legal action worldwide to prevent its vessels from being seized by creditors, including filing a Chapter 15 petition in a U.S. bankruptcy court in New Jersey.

Sustainability Reporting
SGX mandates sustainability reporting for listed companies

The first sustainability report is always the hardest, requiring extensive attention, care and judgement to achieve the right articulation of the company's sustainability focus, perspectives and efforts...

On 20 June 2016, the Singapore Exchange (SGX) mandated sustainability reporting on a 'comply or explain' basis for Singapore-listed companies, a step up from the current voluntary sustainability reporting regime that has been in place since 2011. With effect from 2017, Singapore-listed companies must publish the sustainability report at least annually. This article provides an overview of key requirements in sustainability reporting as companies prepare for the transition.

As at 2013, about 30% of Singapore-listed companies reported on sustainability information based on a research conducted by the Singapore Compact for Corporate Social Responsibility and the National University of Singapore Business School. Companies who have already demonstrated their sustainability commitments in their annual reports, standalone reports, and/or corporate websites are:

- DBS Group Holdings Ltd
- Oversea-Chinese Banking Corporation
- United Overseas Bank Ltd

- City Developments Limited
- Capitaland Limited
- Singapore Airlines Limited
- Singapore Telecommunications Limited

- Golden Agri-Resources Limited
- Keppel Corporation Limited
- Singapore Press Holdings Ltd

Benefits of sustainability report

Sustainability reporting provides companies with opportunities to demostrate to stakeholders their commitment to sustainable business practices, report on the result of sustainability efforts, and also to elevate the overall corporate image and reputation in general.

Further possible benefits are as follows:

Business-related benefits

- Enhanced reputation with stakeholders
- Improved profitability due to cost efficiency
- Better access to capital markets for potential business growth
- Competitive advantage to enter new markets
- Improved employee loyalty arising from strong employee development programmes and positive work environments that enhance employee value, performance and well-being.

Compliance-related benefits

- Improved compliance with: environmental and social laws and regulations

Benefits to overall corporate reputation and image

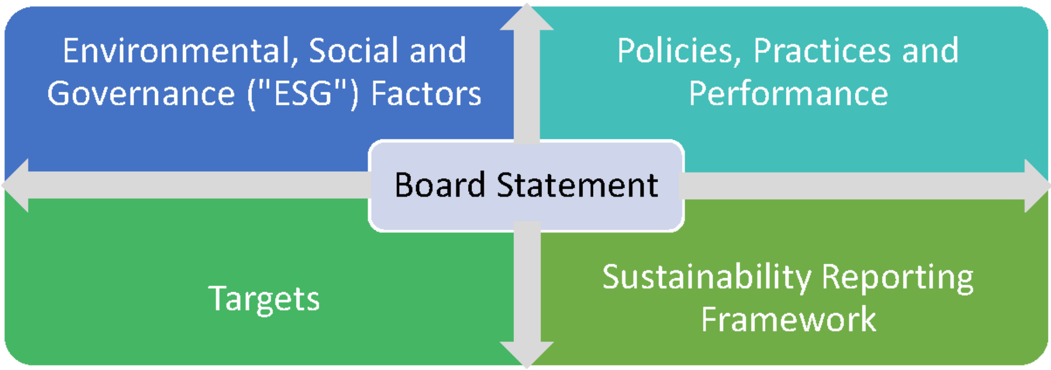
- Enhanced brand loyalty created through environmentally-sustainable products
- Improved employee loyalty arising from strong employee development programme and positive work environments that enhance employee value, performance and well-being.
- Enhanced accountability for stewardship of natural resources

SGX mandates sustainability reporting for listed companies

Key requirements in SGX's Sustainability Reporting Guide

1) The 5 primary components

Under SGX Listing Rule 711B, the sustainability report must define the sustainability practices with reference to the 5 primary components as detailed below:



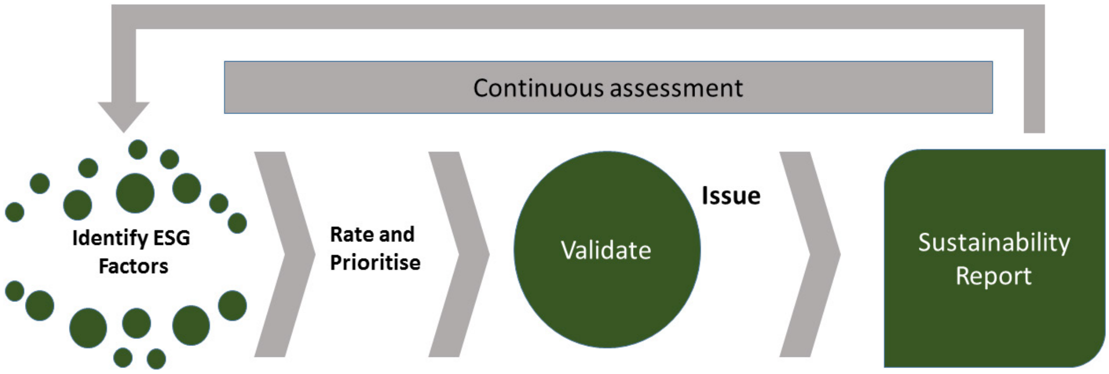
Primary components	Requirements
ESG factors	• Identify the material ESG factors. • Describe both the reasons for and the process of selection, taking into considering their relevance to the business, strategy, business model and key stakeholders.
Policies, practices and performance	• Set out the issuer's policies, practices and performance in relation to the material ESG factors identified. • Provide descriptive and quantitative information on each of the identified material ESG factors for the reporting period. • Performance should be described in the context of previously disclosed targets.
Targets	• Set out the issuer's targets for the forthcoming year in relation to each material ESG factor identified.
Sustainability reporting framework	• Select a sustainability reporting framework which is appropriate for and suited to the industry and business model, to guide reporting and disclosure. • State the name of the framework(s) selected, explain its reasons for choosing the Framework(s) and provide a general description of the extent of the issuer's application of the framework(s). • Examples of the framework that an issuer can consider are the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI), the framework issed by the International Integrated Reporting Council and the standards issued by the Sustainability Accounting Standards Board (SASB). • Continuous assessment of the relevance of the selected framework to its industry and business models.
Board statement	• Contain a statement of the Board on the Board having considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

If a listed company cannot describe any of the above primary components, the listed company must state and explain what it does instead, and its reasons for doing so.

SGX mandates sustainability reporting for listed companies

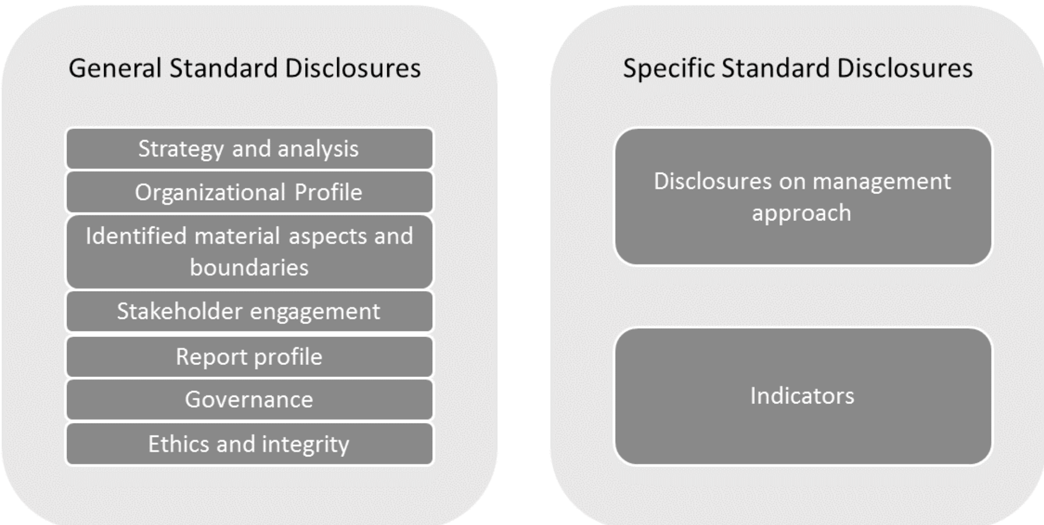
2) The ESG factors

In deciding which ESG factors should be reported in the sustainability report, a listed company can apply materiality (e.g. material in financial terms) and then consider the relevance of selected factors to its business strategy and results. Risk ranking and prioritisation can be used to filter the material ESG factors that are of importance to their stakeholders and can significantly impact on its long-term continuity in business.



3) Sustainability reporting framework

The most commonly used sustainability framework is GRI's G4 Sustainability Reporting Guidelines. Entities seeking to adopt this framework should obtain an understanding of its requirements to ensure that the framework is appropriate for and suited to its industry and business model.



Reference: www.globalreporting.org/standards/g4/

Other frameworks available for adoption include the framework of the International Integrated Reporting Council and the standards set by the Sustainability Accounting Standards Board.

SGX mandates sustainability reporting for listed companies

4) Form and Frequency of Sustainability Reporting

The sustainability report may be included in full within the annual report, or alternatively, as a summary report in the annual report but accompanied by a full standalone sustainability report issued at least once a year, no later than five months after the end of each financial year. The sustainability report should be released on SGXNet and on the company website.

For the first year of sustainability reporting, listed companies will be given up to 12 months from the end of the financial year (i.e. financial year ending 31 December 2017) to publish their sustainability report.

A possible phased implementation approach can be considered for the first year adoption of sustainability reporting.

First year	Subsequent years
• Identify most ESG factors • Develop policies and procedures to address ESG factors	• Continuous assessment of ESG factors and framework • Robust policies and performances review

For detailed information on the phased implementation approach, please refer to the SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide.

Next steps

Affected companies should commence preparations as soon as possible. In particular, filtering a list of indicators for the assessment of ESG is not straightforward and can be judgemental. The first sustainability report is always the hardest, requiring extensive attention, care and judgement to achieve the right articulation of the company's sustainability focus, perspectives and efforts.

Companies that are implementing sustainability reporting for the first time will benefit from a dedicated and cross-functional sustainability team to ensure a smooth and effective implementation process that maximises potential benefits to the company.

For more information and assistance, our sustainability specialist team led by Ms Lao Mei Leng (laomeileng@moorestephens.com.sg) will be pleased to provide you with the support you require.

corettayii@moorestephens.com.sg

Shipping Confidence Survey - June 2016

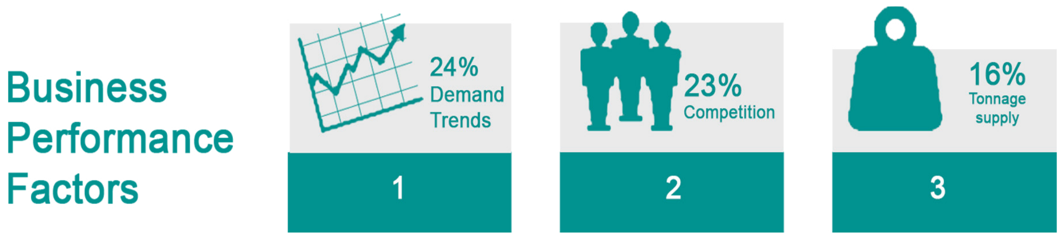
The industry continue to be plagued by uncertainty, overtonnaging & geopolitical factors, regulation and difficuilties in securing financing...

The latest Shipping Confidence Survey from Moore Stephens in May 2016 registered an average confidence level of 5.1 on a scale of one (low) to 10 (high). This is a small improvement from the record low level of 5.0 recorded in February 2016, but it is still the second-lowest level since the survey was launched in May 2008.

Confidence improved among owners and charterers, but dropped among managers and brokers. Geographically, confidence was up in Asia, North America, and very slightly in Europe.

Overall, the likelihood of respondents making a major investment or significant development over the next 12 months increased marginally from the previous survey. The confidence of owners increased significantly in this respect, but the confidence of charterers and brokers fell.

The number of respondents who expected finance costs to increase over the next 12 months dropped slightly from the last survey.



Participants cited demand trends as being the factor that most significantly influences performance over the coming 12 months, followed by competition and tonnage supply.

In the freight markets, the percentage of respondents expecting higher rates over the next 12 months in the tanker and dry bulk markets increased to 23% and 43% respectively. The overall sentiment in the tanker market was still negative. In the container ship market, the number of respondents anticipating higher rates fell to 21%.

Shipping Confidence Survey - June 2016

*** Net Figures are the balance of 'higher'and 'lower'response. Positive 'Net'figures imply more 'Higher'responses than 'Lower'and negative figures imply the opposite.**

Industry participants demonstrated significant concern about economic and geopolitical uncertainty, with one respondent predicting that, unless there is a drastic change in geopolitical events, shipping markets will remain in their present condition for the next 12 months.

According to Moore Stephens partner, Richard Greiner, the shipping industry continues to be plagued by uncertainty, overtonnaging, geopolitical factors ranging from the UK referendum on EU membership to the comparative slowdown in the Chinese economy, regulation such as the Ballast Water Management Convention, and difficulties in securing financing. It is clear that shipping is in for a hard 12 months.

chrisjohnson@moorestephens.com.sg

Clarifications to FRS 115 Revenue from Contracts with Customers

FRS 115, including the above amendments, can result in significant changes to financial reporting processes, financial results and key performance indicators. Forward planning is essential

In June 2016, the Accounting Standards Council (ASC) published Clarifications to FRS 115, which is effective for annual periods beginning on or after 1 January 2018 with early application permitted. This article addresses the key revisions.

Identification of performance obligations
FRS 115 as issued previously provided guidance on whether revenue needs to be split and accounted separately when there are multiple goods and services in a single contract. The revisions to FRS 115 provided clarifications to this guidance by providing more examples, and streamlining the wording of the considerations, which are:

- *Whether goods/ services provider has to provide a significant service to integrate goods or services in that contract.*

  For example, a contract to construct a wall is more likely to be accounted as a single revenue stream, whereas a contract to supply bricks and labor separately for a customer to build his own wall is more likely to be regarded as separate revenue streams.

- *Whether goods/ services significantly modify/ customize other goods/ services in the contract.*

  For example, a contract to sell software accompanied by complex customization services that involve significant software code modification, is more likely to be regarded as a single revenue stream, because the integration service significantly modifies the software. On the other hand, a contract to supply off-the-shelf software, together with a routine installation service that does not involve significant customization, may be more likely to be regarded as separate revenue streams.

- *Whether the goods/ services are highly interdependent or highly interrelated.*

  Multiple goods/ services in a single revenue contract are more likely to be accounted for as a single revenue stream when the combined good/ service is such that the goods/ services provider cannot fulfill its contractual promise by transferring each of the goods or services independently. This is illustrated by the above examples on complex software customization and construction of a wall.

In general the above tests aim to evaluate whether there is a transformative relationship between the goods/ services in the contract. Multiple goods/ services within a contract are more likely to be accounted for as a single revenue stream when such a transformative relationship exists.

Principal/ agent assessment

This relates to how transaction intermediaries should recognize revenue. For example, should a product distributor recognize merely its sales commission as revenue (i.e. it is merely an “agent” in the sales transaction), or should the distributor recognize the full sale proceeds received from the customer as revenue (i.e. it is acting as a “principal” seller in the sale transaction)?

Clarifications to FRS 115 Revenue from Contracts with Customers

FRS 115 as issued previously contained guidance that appeared similar to those in the existing literature (FRS 18). The revisions to FRS 115 emphasize that, unlike in FRS 18, the primary consideration in FRS 115 is whether control of the goods/ services transfer to the intermediary first, prior to onward transfer to the customer. To the extent that there is such transfer of control, the intermediary acts as principal. The amendments also address how this principle is applied to service contracts, in which case the focus is on whether the intermediary has the right to control or direct the ultimate service provider.

The clarifications also streamlined the secondary indicators that support the intermediary recognizing revenue as a principal, which are:

- intermediary has primarily responsibility for providing goods/ services;
- intermediary has inventory risk; and
- intermediary can set the price of goods/ services.

<u>Sales/ Usage-based royalties for licensing of intellectual property</u>

Licensing of intellectual property may be compensated with royalties that are based on sales or usage. For example, a brand licensor may charge a royalty based on a percentage of the subsequent sales made by the licensee under the brand. FRS 115, as previously issued, required the corresponding royalty revenue to be recognized when the underlying sales by the licensee occurred, or (in some cases) later.

This creates practical difficulties when there are other goods/ services bundled into the licensing contract. For example, the above licensor may have agreed to provide associated training services for free to the licensee. In such cases, estimating and splitting out part of the sales-based royalty to match the timing of the training services may involve licensee sales forecasts and may be difficult.

Provided that the license of intellectual property is the predominant item to which the royalty relates, in such situations, the FRS 115 revisions allow revenue to be wholly-based on the timing of subsequent sales made by the licensee, thereby avoiding the need to estimate and split out revenue for side services.

Clarifications to FRS 115 Revenue from Contracts with Customers

Transition

The revisions to FRS 115 also simplified the transition requirements with two practical expedients:

- Entities applying the full retrospective transition approach can exclude the evaluation of contracts that have been completed by the beginning of the earliest period presented.

- Entities need not retrospectively evaluate contract modifications that were made before the beginning of the earliest period presented. Instead, the aggregate effect of those modifications is reflected when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.

Conclusion

FRS 115, including the above amendments, can result in significant changes to financial reporting processes, financial results and key performance indicators. Forward planning is essential to forecast and manage the financial effects, as well as to manage stakeholder expectations and communications. For further clarifications and assistance, please consult your trusted Moore Stephens LLP advisors.

wongkoonmin@moorestephens.com.sg

Key Singapore Regulatory and Corporate Governance Updates

SGX proposes new market capitalization test for inclusion in the SGX watch list
In August 2016, the SGX proposed amendments to the minimum trading price (MTP) watch list criteria. Under the proposals, mainboard-listed companies will be placed on the watch list when their six-month average daily market capitalisation falls below S$40 million, and the six-month volume-weighted share price (VWAP) of each share is below S$0.20.

Currently, the watch list criteria is only based on six-month VWAP falling below S$0.20.

A public consultation is open for public feedback until 23 September. SGX will not place new companies on the watch list, and companies already on the watch list will not be delisted, while the consultation is ongoing. Quarterly reviews to remove issuers from the list will continue.

If the proposals are accepted, companies on the watch list will have 36 months to comply from the implementation date, which is expected to be in June 2017.

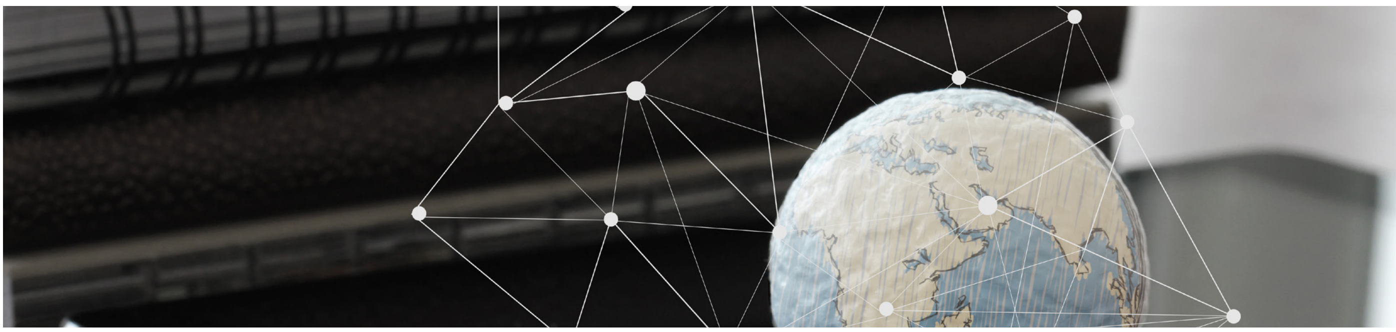
Survey highlights investor preference for Audit Committee (AC) commentaries
According to a survey by the National University of Singapore (NUS), investors support the inclusion of a commentary by ACs to shareholders, stating the views of the ACs on accounting issues highlighted as Key Audit Matters by auditors.

The survey was conducted on over 200 institutional and retail investors, by the NUS Business School, and was commissioned by the Accounting and Corporate Regulatory Authority and the Institute of Singapore Chartered Accountants.

During the 2016 Singapore Accountancy Convention, Senior Minister of State for Law and Finance Indranee Rajah urged ACs to provide such commentaries. ACRA will also monitor the issuance of AC reports by companies, and to help ACs prepare for these changes, the Singapore Institute of Directors will be issuing a third edition of the Guidebook for Audit Committees in Singapore in early 2017.

SGX to consider dual-class share structures
SGX is one step closer towards allowing dual-class share structures to list after receiving support for the proposal from the Listings Advisory Committee (LAC). Such structures, which can provide controlling shareholders with voting powers and rights that are disproportionate to shareholdings, can help attract high-quality companies that may not otherwise consider Singapore as a listing venue. Nevertheless, dual-class shares will be allowed only when listing applicants have compelling reasons to adopt such structures.

wongkoonmin@moorestephens.com.sg



CFO Breakfast Series - Lead your Business Better with FP&A Insights

CFOs who harness the power of today's technology to unlock insights will have the agility needed to be future-ready, strategic business leaders for tomorrow's changing needs...

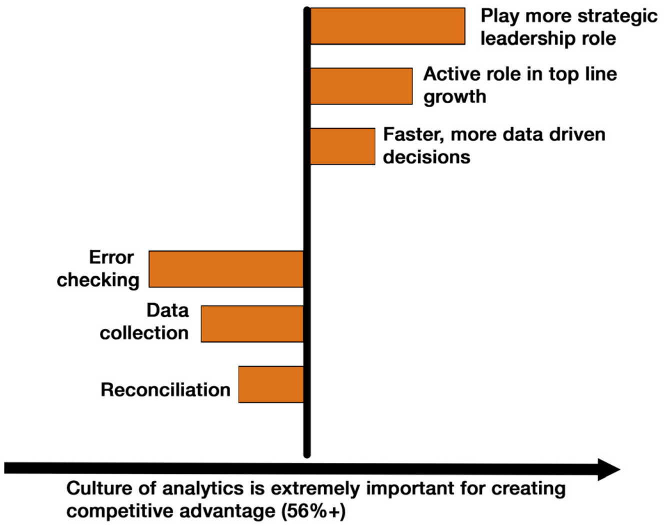
On 24th August 2016, Moore Stephens LLP conducted the first session of the CFO Breakfast Series, "Lead your Business Better with Financial Planning & Analysis Insights" at The Lodge. It was a great success with lots of valuable contributions and suggestions.

Mr. Wong Koon Min, Partner and Head of Professional Standards, Moore Stephens LLP, started off the session with a discussion of how CFOs and finance executives today are increasingly expected to manage volatility, develop more agile planning and forecasting capabilities, and play a more proactive in strategic planning supported by strong data analytic capabilities.

Thereafter, Mr. Choo Kwong Chee, Director of IT Solutions, Moore Stephens LLP, shared the results of Adaptive Insight's recent CFO indicator survey. Organizations, and finance teams in particular, are awash in data, but lack time to adequately analyse and draw insights from the data to support better decision-making. However, most finance executives expect their role to become more strategic in the coming years.

As noted on the right - key focus areas noted by survey respondents highlighted:

- Playing a more strategic role
- Active role in top line growth
- Faster, more data-driven decision-making

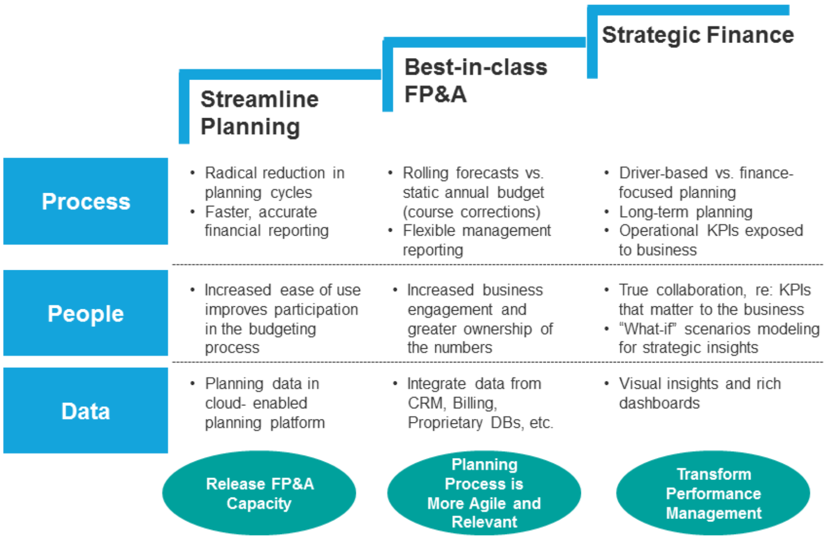


However, without improving the Performance Management process and becoming more data-driven, Finance organizations will fail to realize their potential as a strategic leader within the their organizations.

During the session, everyone agreed that transformation can be challenging, with lack of resources and organizational resistance. Kwong Chee shared a proposed roadmap for change with participants.

CFO Breakfast Series - Lead your Business Better with FP&A Insights

Phased Roadmap for Finance Transformation



Kwong Chee cautioned against over-reliance on spreadsheet software such as Excel by today's finance teams. Spreadsheets, while easy to use, don't scale up - whether for planning, analysis, or consolidation. When applied to a corporate planning process, organizations can quickly face hundreds of spreadsheets that extend cycles, drain resources, and raise issues around risk.

Moving beyond spreadsheets, Kwong Chee shared how modern cloud solutions have facilitated a significant transformation in the finance function. By being easy to use, quick to deploy and business user owned (no need for IT); such solutions have enabled companies to move beyond annual budgeting and now forecast based on actual demand. Data can also be extracted from ERP and CRM systems and more easily combined in the cloud—all without expensive infrastructure and tools. This enables Finance to deliver key reports and analysis in the time needed to impact critical decisions.

Kwong Chee highlighted that Gartner has identified three ways that Finance will evolve to meet these challenges:

1. Finance will need to integrate, analyze and gain insights from more and more data sources across the business.
2. Finance will need to engage more quickly and deeply with line of business managers in the planning and analysis processes.
3. Finance will expect more sophisticated technologies to future forecasting and decision support.

According to Kwong Chee, CFOs who harness the power of today's technology to unlock insights will have the agility needed to be future-ready, strategic business leaders for tomorrow's changing needs.

Ending the breakfast talk, was a lively Q&A session followed by a networking session between participants, speakers and representatives from Moore Stephens and Complete Corporate Services.

To explore more about Moore Stephens' Corporate Performance Management solutions, please visit our website: http://sg.moorestephens.com/cpm.

kwongchee@msconsult.com.sg

Key Tax Developments

Productivity and Innovation Credit ("PIC")

The PIC Cash Payout conversion rate has been reduced from 60% to 40% for qualifying expenditure incurred on or after 1 August 2016. The PIC Scheme will expire after Year of Assessment ("YA") 2018.

For assets purchased under hire purchase ("HP") agreement, the applicable PIC Cash Payout conversion rate depends on the date on which the HP agreement is signed.

HP agreement signing date	PIC Cash payout Conversion Rate
Before 1 August 2016	60%
On or after 1 August 2016	40%

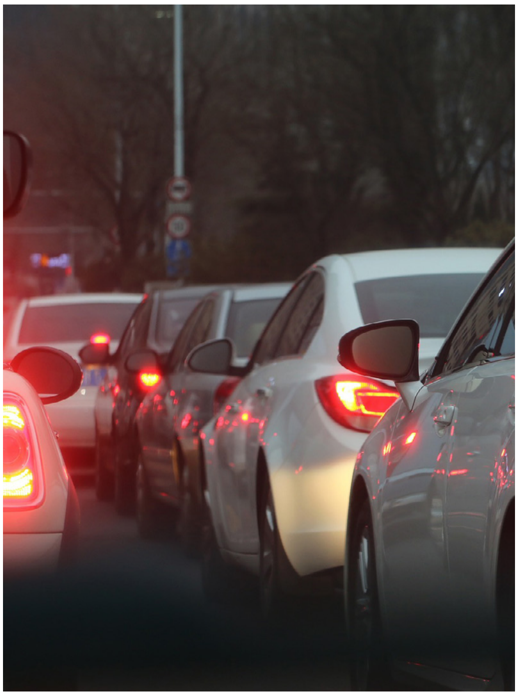
In order to qualify for the PIC Cash Payout, the applicant must have:-

a. active business operations in Singapore;
b. at least 3 local employees [Singapore Citizens or Permanent Residents with Central Provident Fund (CPF) contributions] excluding sole-proprietors, partners under contract for service and shareholders who are directors of the company; and
c. commenced usage of the qualifying equipment at the point of election for cash payout.

Motor car expenses vs Transportation services

Generally, car rental and car hiring charges incurred in Singapore for private cars (SZ-plated / S-plated) do not qualify for a tax deduction even if these expenses were incurred for business purposes. In the case where an employee drives his own S-plated car for business use, his mileage claim is also not tax deductible from the employer's perspective.

With the increasing popularity of transportation services such as Uber / Grab car services, the IRAS has clarified that the expenses incurred on bookings for private cars (SZ-plated / S-plated) via mobile applications will qualify for tax deduction, provided these expenses were incurred for business purposes.



The difference in tax treatment lies in the distinction between motor car expenses and transportation services. Transport services are provided to commute passengers from one place to another without the passengers having any control or possession of the vehicles. In contrast, in a motor car hire arrangement, the car would be at the disposal of the hirer.

Fares incurred on public transport (e.g. MRT, buses, taxis) continue to be tax deductible if incurred for business purposes.

Key Tax Developments

Taxability of grants

Generally, the taxability of a grant depends on the nature (i.e. the grantor's intent or purpose for which the grant is given).

Purpose of grant	Tax treatment
To supplement income / defray operating expenses (e.g. wages credit / employment credit)	Revenue in nature ➔ Taxable
To fund acquisition of capital assets, fixed assets and infrastructure (e.g. grants for research and development, grants for purchase of machines)	Capital in nature ➔ Not taxable

There may be cases where the grantor's intent is to support projects that involve a mixture of both capital and revenue expenses i.e. no clear specification or restrictions on how the grant would be used and the recipient was free to use the grant for either capital or revenue expenses on supported projects. The IRAS' current position is that such grants are treated as grants for general purposes and hence revenue in nature and taxable, irrespective of how the grants are eventually used by the business.

In view of the above, it is advisable for businesses receiving grants to ensure that the specific purposes of grants are clearly specified in the award letter from the grantors.

lawpeiserh@complete-corp.com.sg

Trends in Asian Maritime Finance

The rising Asian influence in global shipping and maritime finance is an undisputed reality. According to Petrofin Bank Research, the shipping portfolio of the top 3 Asian banks in ship finance in 2015, which are the Bank of China, the Korea Export-Import Bank, and the Industrial and Commercial Bank of China, amounted to approximately US$21 billion, US$19 billion, and US$18 billion respectively. In the current shipping downturn, this represents a formidable pool of funds that the capital-intensive maritime industry cannot afford to ignore.

In conjunction with Marine Money, Moore Stephens LLP is pleased to present an overview of the latest trends in Asian maritime finance to assist industry players in assessing the associated opportunities and pitfalls. Among the key trends discussed are the rise of Chinese leasing companies, growth of maritime infrastructure financing, and the increasing state involvement in Asian maritime finance. For more details, please see the full article at: http://sg.moorestephens.com/trends-insights/press-reports/trends-in-asian-maritime-finance

chrisjohnson@moorestephens.com.sg

Institute of Chartered Shipbrokers (ICS) Exams - Moore Stephens Award 2015/2016

The Moore Stephens Award, sponsored by Moore Stephens LLP in the UK, is given to candidates who top each cohort in the ICS Shipping Finance Examinations.

The winner of this award for the 2015/2016 ICS examinations, coincidentally, is from the Moore Stephens network! Mr. Wong Koon Min, a partner from Moore Stephens LLP, Singapore, successfully clinched the award in the 2015/2016 ICS examinations.

Commenting on his receipt of the award, Koon Min expressed a mixture of both surprise and joy.

"The ICS syllabus has proven to be invaluable in enhancing my shipping knowledge, and I strongly recommend it for all candidates who need to improve their understanding of the shipping industry. It is my honour to receive the Moore Stephens UK Award, and I would like to thank the network firm for sponsoring this award."

pohlaychoo@moorestephens.com.sg

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Contact Information

If you would like further information on any item within this publication, or information on our services please contact:

Lim Peng Huat - Director and Head,
Taxation Services and Accounting Solutions
T +65 6329 2741
phlim@complete-corp.com.sg

Shirley Lim - Director and Head,
Corporate Secretarial Services
T +65 6329 2731
shirleylim@complete-corp.com.sg

Law Pei Serh - Associate Director,
Taxation Services
T +65 6329 2726
lawpeiserh@complete-corp.com.sg

Audrey Ong - Senior Manager,
Taxation Services
T +65 6329 2753
audreyong@complete-corp.com.sg

Megha Thakkar - Senior Manager,
Corporate Secretarial Services
T +65 6329 2727
megha@complete-corp.com.sg

Agnes Sim - Manager
Integrated Services
T +65 6329 2741
agnes_sim@complete-corp.com.sg

Janice Ng Sheow Hwee - Manager,
Integrated Services
T +65 6329 2751
janiceng@complete-corp.com.sg

Eugene Lee - Manager,
Corporate Secretarial Services
T +65 6329 2733
eugenelee@complete-corp.com.sg

Chintan Shah - Manager
Taxation Services
T +65 6329 2718
chintanshah@complete-corp.com.sg

Jana Kopackova - Talent Acquisition Manager
Matrix Group Asia
T +65 6329 2741
jana@matrixgroup.sg

10 Anson Road #32-15, International Plaza, Singapore 079903
T +65 6226 2555
F +65 6221 9265
www.complete-corp.com.sg