



**UNI-ASIA GROUP LIMITED**  
Company Registration No: 201701284Z  
Incorporated in the Republic of Singapore

## **PARTIAL DISPOSAL OF INTEREST IN SUBSIDIARY**

The Board of Directors of Uni-Asia Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly owned subsidiary, Uni-Asia Holdings Limited (the “**UA Holdings**”), has on 26 June 2020 disposed 49.5% of the shares of Uni-Asia Hotels Limited (“**UA Hotels**”) to GK VHM Holdings (the “**Purchaser**”), a company wholly-owned by certain employees of the Group (none of whom are Directors or controlling shareholders of the Company), for a consideration of JYP14,850 (or approximately US\$138 after translation at an exchange rate of JYP107.5:US\$1.00) (the “**Partial Disposal**”).

Prior to the Partial Disposal, UA Holdings had an interest of 99.0% in UA Hotels, with the remaining 1.0% interest being held by a non-related third party. Following completion of the Partial Disposal, the Group’s interest in UA Hotels has decreased from 99.0% to 49.5%, and UA Hotels has ceased to be a subsidiary of the Company and has become an associated company of the Company.

**1. UA Hotels.** UA Hotels is the holding company of Vista Hotels Management Co., Ltd which is in turn the Group’s hotel operating company in Japan operating business hotels under the “Hotel Vista” brand name.

**2. Rationale for the Partial Disposal.** Following a review of the Group’s operations in light of the COVID-19 pandemic, the Company has determined that the Partial Disposal would be in the interests of the Company and its shareholders, taking into consideration, among others, the challenging operating environment in and near-term prospects of the Japan business hotels sector and the financial position and performance of UA Hotels. In particular, the COVID-19 outbreak had resulted in disruptions to the Japan tourism industry, with the Tokyo Olympics being postponed and inbound visitors to Japan being reduced due to border controls and travel restrictions. With respect to UA Hotels, based on the latest announced audited consolidated financial statements of the Company for the financial year ended 31 December 2019 (“**FY2019 Results**”), the book value and net tangible asset value of UA Hotels was approximately negative US\$3.3 million and negative US\$6.1 million respectively as at 31 December 2019. Based on a desktop valuation dated 24 June 2020 conducted by an independent third party professional firm commissioned by the Group (the “**Valuation Report**”), the equity value of UA Hotels is negative, with a maximum equity value of

approximately negative JPY462 million (or approximately negative US\$4.3 million after translation at an exchange rate of JYP107.5:US\$1.00), computed based on the discounted cash flow method and employing the capital asset pricing model. In addition, based on the FY2019 Results, UA Hotels was loss-making and recorded a net loss of approximately US\$2.2 million for the financial year ended 31 December 2019.

The Partial Disposal will allow the Company to reduce its exposure to the Japan business hotels sector and at the same time allows the Company to benefit from any potential future recovery in the sector through its remaining interest in UA Hotels.

**3. Material Terms of the Partial Disposal.** The nominal consideration for the Partial Disposal was arrived at on a willing-buyer, willing-seller basis after taking into account the factors as further described in paragraph 2 above (including the equity value of UA Hotels based on the Valuation Report) and the absence of competing bids in light of the current COVID-19 situation. In particular, while there had been external third parties who expressed interest in co-investing in UA Hotels, the Company had not received any offers in a timely manner save for the offer from the Purchaser. The nominal consideration for the Partial Disposal has been satisfied in cash.

**4. Gain on Partial Disposal and Use of Proceeds.** Based on FY2019 Results, the Group's cost of investment in UA Hotels was approximately US\$3.9 million as at 31 December 2019. Following the completion of the Partial Disposal, UA Hotels has ceased to be a subsidiary of the Company and accordingly has been deconsolidated as a consolidated entity of the Group under applicable accounting rules. Purely for illustrative purposes only, based on the FY2019 Results, assuming the Partial Disposal had been completed on 31 December 2019, the gain on the Partial Disposal (after taking into account a gain on deconsolidation of UA Hotels) would amount to approximately US\$6.1 million. The consideration arising from the Partial Disposal is nominal in quantum and will be retained by UA Holdings for use as part of its working capital.

**5. Financial Effects.** Purely for illustrative purposes only, based on the FY2019 Results:

- (a) assuming that the Partial Disposal had been completed on 31 December 2019, the consolidated net tangible assets value per share of the Company would have increased from US\$1.60 to US\$1.68; and
- (b) assuming that the Partial Disposal had been completed on 1 January 2019, the consolidated earnings per share of the Company would have increased from US\$0.076 to US\$0.156.

## 6. Chapter 10 of the Singapore Exchange Securities Trading Limited Listing Manual.

The relative figures for the Partial Disposal computed on the relevant bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual (the “Listing Manual”) are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net liability value attributable to the 49.5% interest in UA Hotels as compared with the Group’s net asset value <sup>(1)</sup>	(1.31)
(b)	Net loss attributable to the 49.5% interest in UA Hotels as compared with the Group’s net profit <sup>(2)</sup>	(14.6)
(c)	The consideration received as compared with the market capitalisation of the Company <sup>(3)</sup>	Not meaningful

### Notes:

- (1) Based on the FY2019 Results, the net liability value attributable to the 49.5% interest in UA Hotels being disposed of and the net asset value of the Group are approximately US\$(1.7) million and US\$126.1 million respectively.
- (2) Based on the FY2019 Results, the net loss attributable to the 49.5% interest in UA Hotels being disposed of and the net profit of the Group are approximately US\$(1.1) million and US\$7.5 million respectively.
- (3) Based on 78,599,987 issued shares (excluding treasury shares) of the Company and the weighted average price of shares (being S\$0.52 per share) transacted on 25 June 2020 (being the market day preceding the date of the instrument of transfer to effect the Partial Disposal; for the avoidance of doubt, no sale and purchase agreement was entered into by UA Holdings and the Purchaser in connection with the Partial Disposal) and after translation based on an exchange rate of S\$1.39:US\$1.00, the market capitalisation of the Company is approximately US\$29.4 million.

As the relative figures for the Partial Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual exceed 5% but does not exceed 20%, the Partial Disposal is classified as a “discloseable transaction” for the purposes of Chapter 10 of the Listing Manual.

**7. Interests of Directors and Controlling Shareholders.** None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Partial Disposal.

**8. Service Contracts of Directors.** No person is proposed to be appointed as a director of the Company in connection with the Partial Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Partial Disposal.

**9. Document Available for Inspection.** A copy of the Valuation Report (including an English translated version) is available for inspection during normal business hours at the registered office of the Company at 8 Shenton Way #37-04 AXA Tower Singapore 068811 for a period of three months commencing from the date of this announcement.

For and on behalf of  
Uni-Asia Group Limited  
26 June 2020