



## UNI-ASIA GROUP LIMITED

Company Registration No: 201801284Z  
Incorporated in the Republic of Singapore

### FINANCIAL STATEMENTS FOR HALF-YEAR ENDED 30 JUNE 2020

#### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEARLY RESULTS

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Half-year ended 30 June		
		2020 US\$'000	Restated 2019 <sup>1</sup> US\$'000	% Change
<b>Continuing Operations</b>				
Charter income	8(i)	13,743	18,209	(25%)
Fee income	8(ii)	4,828	4,313	12%
Investment returns	8(iii)	2,206	5,696	(61%)
Interest income		487	462	5%
Other income		295	151	95%
<b>Total income</b>		<b>21,559</b>	<b>28,831</b>	<b>(25%)</b>
Employee benefits expenses		(3,136)	(3,296)	(5%)
Amortisation and depreciation		(5,478)	(5,177)	6%
Depreciation of right-of-use assets		(699)	(699)	0%
Vessel operating expenses		(8,290)	(8,421)	(2%)
Gain on disposal of property, plant and equipment		-	4,226	(100%)
Impairment of property, plant and equipment		(7,920)	-	N/M
Impairment of loan receivable		(1,050)	-	N/M
(Impairment)/reversal of impairment of receivables		(75)	145	(152%)
Net foreign exchange loss		(64)	(304)	(79%)
Other expenses		(2,121)	(2,292)	(7%)
<b>Total operating expenses</b>		<b>(28,833)</b>	<b>(15,818)</b>	<b>82%</b>
<b>Operating (loss)/ profit</b>		<b>(7,274)</b>	<b>13,013</b>	<b>(156%)</b>
Finance costs – interest expense		(2,179)	(2,706)	(19%)
Finance costs – lease interest		(207)	(263)	(21%)
Finance costs – others		(75)	(194)	(61%)
Share of results of an associate		(3)	(32)	(91%)
Allocation to Tokumei Kumiai <sup>2</sup> investors		90	(1,536)	(106%)
<b>(Loss)/ profit before tax from continuing operations</b>		<b>(9,648)</b>	<b>8,282</b>	<b>N/M</b>
Income tax expense		(388)	(81)	N/M
<b>(Loss)/ profit after tax from continuing operations</b>		<b>(10,036)</b>	<b>8,201</b>	<b>N/M</b>
<b>Discontinued Operation</b>				
Loss from discontinued operation, net of tax		(18,304)	(1,450)	N/M
Gain from deconsolidation of subsidiary		24,435	-	N/M
<b>Net gain/ (loss) from discontinued operation</b>		<b>6,131</b>	<b>(1,450)</b>	<b>N/M</b>
<b>(Loss)/ profit for the period</b>		<b>(3,905)</b>	<b>6,751</b>	<b>(158%)</b>

<sup>1</sup> The comparative figures have been re-presented to report separately profit or loss items for continuing and discontinued operations following the Group's disposal of controlling stake in Uni-Asia Hotels Limited and its subsidiaries on 26 June 2020.

<sup>2</sup> Tokumei Kumiai ("TK") refers to a form of silent partnership structure used in Japan. Allocation to TK investors refers to share of profit and loss attributable to other TK investors of the TK structure.

	Half-year ended 30 June		
	2020 US\$'000	Restated 2019 US\$'000	% Change
<b>(Loss)/ profit for the period</b>	<b>(3,905)</b>	<b>6,751</b>	<b>(158%)</b>
Other comprehensive income for the period, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations from continuing operations	138	627	(78%)
Exchange differences on translation of foreign operations from discontinued operation	(126)	(116)	9%
Reclassification of exchange differences on discontinued foreign operation	553	-	N/M
Net movement on cash flow hedges	(665)	(1,298)	(49%)
Other comprehensive expense for the period, net of tax	(100)	(787)	(87%)
<b>Total comprehensive (expense)/ income for the period</b>	<b>(4,005)</b>	<b>5,964</b>	<b>(167%)</b>
<b>(Loss)/ profit for the period attributable to:</b>			
Owners of the parent			
- from continuing operations	(10,143)	7,882	N/M
- from discontinued operation	6,316	(1,435)	N/M
	(3,827)	6,447	(159%)
Non-controlling interests	(78)	304	(126%)
	<b>(3,905)</b>	<b>6,751</b>	<b>(158%)</b>
<b>Total comprehensive (expense)/ income for the period attributable to:</b>			
Owners of the parent			
- from continuing operations	(10,665)	7,269	N/M
- from discontinued operation	6,744	(1,551)	N/M
	(3,921)	5,718	(169%)
Non-controlling interests	(84)	246	(134%)
	<b>(4,005)</b>	<b>5,964</b>	<b>(167%)</b>

N/M: Not meaningful

1 (b) (i) A statement of financial position for the group and the issuer, together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 June 2020 US\$'000	31 December 2019 US\$'000	30 June 2020 US\$'000	31 December 2019 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment properties	14,910	16,397	-	-
Investments	32,015	20,026	-	-
Investment in subsidiary	-	-	110,457	110,457
Investment in associates	24	27	-	-
Intangible assets	-	3	-	-
Property, plant and equipment	157,782	170,003	13	6
Right-of-use assets	3,046	294,201	251	340
Rental deposit	508	6,964	-	-
Deferred tax assets	175	209	-	-
<b>Total non-current assets</b>	<b>208,460</b>	<b>507,830</b>	<b>110,721</b>	<b>110,803</b>
<b>Current assets</b>				
Investments	1,314	1,945	-	-
Properties under development	3,389	-	-	-
Loans receivable	3,597	950	-	-
Derivative financial instruments	-	42	-	-
Finance lease receivable	7,497	7,580	-	-
Accounts receivable	1,248	7,381	-	-
Amount due from subsidiary	-	-	2,974	3,428
Prepayments, deposits and other receivables	4,414	8,497	213	328
Tax recoverable	-	945	-	-
Deposits pledged as collateral	1,839	2,819	-	-
Cash and bank balances	31,084	56,089	303	2,850
<b>Total current assets</b>	<b>54,382</b>	<b>86,248</b>	<b>3,490</b>	<b>6,606</b>
<b>Total assets</b>	<b>262,842</b>	<b>594,078</b>	<b>114,211</b>	<b>117,409</b>

**NOTES:**

The Group's non-current assets decreased by \$299.3 million from \$507.8 million on 31 December 2019 to \$208.5 million on 30 June 2020. Material variances are as follows:

- 1) Decrease in investment properties by \$1.5 million mainly due to disposal of investment property offset by new investments;
- 2) Increase in investments of \$12.0 million mainly due to investments in the Group's 7<sup>th</sup> and 8<sup>th</sup> Hong Kong property projects in 1H2020 (please see announcements dated 9 January 2020 and 22 May 2020 respectively);
- 3) Decrease in property, plant and equipment of \$12.2 million mainly due to depreciation as well as impairment of ships as a result of severe deterioration in the ships' value-in-use caused by Covid-19 pandemic; and
- 4) Decrease in right-of-use assets of \$291.2 million and rental deposits of \$6.5 million following deconsolidation of Uni-Asia Hotels Limited group of companies which accounted for the bulk of right-of-use hotel assets and rental deposits in the Group's balance sheet as at 31 December 2019 (please refer to announcement dated 26 June 2020 for more information on the disposal of the Group's controlling stake in Uni-Asia Hotels Limited group of companies).

The Group's current assets decreased by \$31.8 million from \$86.2 million on 31 December 2019 to \$54.4 million on 30 June 2020. Material variances are as follows:

- 1) Recognition of \$3.4 million properties under development for inventories of the Group's ALERO develop for sale projects;
- 2) Increase in loan receivable by \$2.6 million due to short-term loans provided to the Group's investment;
- 3) Decrease in accounts receivable of \$6.1 million as well as decrease in prepayments, deposits and other receivables of \$4.1 million mainly due to deconsolidation of Uni-Asia Hotels Limited group's assets; and
- 4) Decrease in cash and bank balances by \$25.0 million. Please see notes to statement of cash flows on page 7 for further information.

	Group		Company	
	30 June 2020 US\$'000	31 December 2019 US\$'000	30 June 2020 US\$'000	31 December 2019 US\$'000
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	113,174	113,174	113,174	113,174
Retained earnings	9,004	14,055	284	2,470
Hedging reserve	(1,152)	(487)	-	-
Exchange reserve	2,305	1,734	-	-
Capital reserve	(2,877)	(2,877)	-	-
<b>Total equity attributable to owners of the parent</b>	<b>120,454</b>	<b>125,599</b>	<b>113,458</b>	<b>115,644</b>
Non-controlling interests	586	469	-	-
<b>Total equity</b>	<b>121,040</b>	<b>126,068</b>	<b>113,458</b>	<b>115,644</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	80,538	71,289	-	-
Lease liabilities	4,748	286,212	79	171
Derivative financial instruments	733	579	-	-
Deferred tax liabilities	496	502	-	-
Other payables	56	82	-	-
<b>Total non-current liabilities</b>	<b>86,571</b>	<b>358,664</b>	<b>79</b>	<b>171</b>
<b>Current liabilities</b>				
Borrowings	45,862	71,287	-	743
Lease liabilities	3,133	23,685	178	180
Due to Tokumei Kumiai investors	1,432	1,194	-	-
Derivative financial instruments	865	496	-	-
Accounts payable	170	4,002	-	-
Amount due to subsidiary	-	-	265	265
Other payables and accruals	3,733	8,012	231	406
Income tax payable	36	670	-	-
<b>Total current liabilities</b>	<b>55,231</b>	<b>109,346</b>	<b>674</b>	<b>1,594</b>
<b>Total liabilities</b>	<b>141,802</b>	<b>468,010</b>	<b>753</b>	<b>1,765</b>
<b>Total equity and liabilities</b>	<b>262,842</b>	<b>594,078</b>	<b>114,211</b>	<b>117,409</b>

**NOTES:**

Total liabilities decreased by \$326.2 million from \$468.0 million on 31 December 2019 to \$141.8 million on 30 June 2020. Material variances are as follows:

- 1) Decrease in total borrowings (including both current and non-current) of the Group by \$16.2 million mainly due to scheduled repayment of borrowings as well as deconsolidation of Uni-Asia Hotels Limited group's borrowings;
- 2) Decrease in total lease liabilities (including both current and non-current) of the Group by \$302.0 million mainly due to deconsolidation of Uni-Asia Hotels Limited group's lease liabilities;
- 3) Decrease in accounts payable by \$3.8 million as well as other payables and accruals by \$4.3 million mainly due to deconsolidation of Uni-Asia Hotels Limited group's liabilities.

Current liabilities exceeded current assets by \$0.8 million as at 30 June 2020 mainly due to the inclusion of \$3.1 million current lease liabilities, the exclusion of which will result in a positive working capital.

1 (b) (ii) **Aggregate amount of group's borrowings and debt securities.**

	As at 30 June 2020		As at 31 December 2019	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	33,380	12,482	53,158	18,129
Amount repayable after one year	80,538	-	64,652	6,637
<b>Total</b>	<b>113,918</b>	<b>12,482</b>	<b>117,810</b>	<b>24,766</b>

**Details of any collateral**

The Group's borrowings as at 30 June 2020 are secured by means of:

- legal mortgages over certain cash deposits of a subsidiary
- legal mortgages over investment properties and properties under development of subsidiaries
- legal mortgages over vessels of subsidiaries

1 (c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Half-year ended 30 June	
		2020 US\$'000	2019 US\$'000
<b>Cash flows from operating activities</b>			
(Loss)/ profit before tax from continuing operations		(9,648)	8,282
Loss from discontinued operation, before tax		(18,252)	(1,400)
Gain from deconsolidation of subsidiary		24,435	-
(Loss)/ profit before tax		(3,465)	6,882
Adjustments for:			
Investment returns		(2,206)	(5,696)
Amortisation and depreciation		5,560	5,240
Depreciation of right-of-use assets		13,984	10,589
Gain from deconsolidation of subsidiary		(24,435)	-
Gain on disposal of property, plant and equipment		-	(4,226)
Impairment of property, plant and equipment		7,920	-
Impairment of loan receivable		1,050	-
Impairment/ (reversal of impairment) of receivables		75	(145)
Net foreign exchange loss		64	304
Interest income		(487)	(462)
Finance costs – interest expense		2,284	2,745
Finance costs – lease interest		3,114	2,332
Finance costs – others		103	220
Share of results of an associate		3	32
Allocation to Tokumei Kumiai investors		(90)	1,536
Operating cash flows before changes in working capital		3,474	19,351
Changes in working capital:			
Net change in properties under development		(3,376)	-
Net change in accounts receivable		4,116	537
Net change in prepayments, deposits and other receivables		1,507	(455)
Net change in accounts payable		(1,151)	(509)
Net change in other payables, accruals and deferred income		(2,749)	118
Cash flows generated from operations		1,821	19,042
Interest received on bank balances		91	157
Tax paid		(73)	(979)
<b>Net cash flows generated from operating activities</b>	<b>[A]</b>	<b>1,839</b>	<b>18,220</b>
<b>Cash flows from investing activities</b>			
Purchase of investment properties		(5,337)	(4,951)
Purchase of investments		(14,296)	(1,595)
Proceeds from sale of investment property		8,329	4,727
Proceeds from redemption/ sale of investments		3,287	3,043
Deconsolidation of subsidiary/ consolidated entity		(9,983)	(1,886)
Proceeds from finance lease		122	196
Hotel lease deposit (payment)/ refund		(1,270)	295
Deposits for small residential projects payment		75	-
Purchase of property, plant and equipment		(1,722)	(437)
Proceeds from disposal of property, plant and equipment		-	27,581
Net contribution/ (redemption) from Tokumei Kumiai investors		318	(681)
Net loans advanced to investee companies		(100)	(1,149)
Interest received from loans and finance leases		373	255
Net decrease in deposits pledged as collateral		955	396
Income proceeds from investments		141	118
Proceeds from property rental		261	312
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>[B]</b>	<b>(18,847)</b>	<b>26,224</b>

	Note	Half-year ended 30 June	
		2020 US\$'000	2019 US\$'000
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares		-	4,017
Proceeds from borrowings		39,063	8,107
Repayment of borrowings		(27,505)	(34,953)
Interest and other finance cost paid		(2,797)	(2,856)
Lease principal paid		(12,976)	(9,390)
Lease interest paid		(2,699)	(2,332)
Dividend paid		(1,224)	(2,693)
Payment to non-controlling interest		(27)	-
<b>Net cash flows used in financing activities</b>	<b>[C]</b>	<b>(8,165)</b>	<b>(40,100)</b>
<b>Net (decrease)/ increase in cash and bank balances</b>		<b>(25,173)</b>	<b>4,344</b>
Movements in cash and bank balances:			
Cash and bank balances at beginning of the period		56,089	43,462
Net (decrease)/ increase in cash and bank balances		(25,173)	4,344
Effects of foreign exchange rate changes, net		168	582
<b>Cash and bank balances at end of the period</b>		<b>31,084</b>	<b>48,388</b>

**NOTES:**

The Group's cash and bank balances decreased by \$25.0 million in 1H2020 after the effects of foreign exchange rate changes. Material items are listed below. This statement of cash flows includes the cash flows of deconsolidated Uni-Asia Hotels Limited group up until Uni-Asia Hotels Limited group was disposed of on 26 June 2020.

[A] Cash flows generated from operating activities amounted to \$1.8 million for 1H2020 compared to \$18.2 million for 1H2019. Due to the impact of Covid-19 pandemic, operating cash flows from charter income and hotel income were severely impacted resulting in the decrease in operating cash flows for 1H2020. Expenditure for new properties under development (ALERO projects) of \$3.4 million included in cash outflow from operating activities 1H2020 further reduce 1H2020's operating cash flows.

[B] Cash flows used in investing activities were \$18.8 million for 1H2020.

Main cash inflows from investing activities include:

- i) proceeds from sale of an investment property of \$8.3 million; and
- ii) proceeds from redemption/sale of investments of \$3.3 million, of which \$1.5 million pertained to small residential property projects (ALERO projects) and \$1.8 million pertained to ship investment.

Main cash outflows from investing activities include:

- i) investment in investment properties (ALERO projects) of \$5.3 million;
- ii) purchase of investments of \$14.3 million, of which \$11.4 million pertained to the Group's 7<sup>th</sup> and 8<sup>th</sup> Hong Kong property projects and \$2.9 million pertained to small residential property projects (ALERO projects);
- iii) cash outflow of \$10.0 million as a result of deconsolidation of Uni-Asia Hotels Limited group;
- iv) payment of hotel lease deposit of \$1.3 million; and
- v) increase in property, plant and equipment of \$1.7 million due to capitalisation of drydocking expenses.

[C] Cash flows used in financing activities were \$8.2 million in 1H2020.

Main cash outflows from financing activities include:

- i) repayments of borrowings offset by proceeds from borrowings in 1H2020;
- ii) interest and other finance cost paid of \$2.8 million;
- iii) fixed lease payments classified as lease principal paid (amounting to \$13.0 million) and lease interest paid (amounting to \$2.7 million); and
- iv) final dividend of \$1.2 million for FY2019 approved in AGM was paid in 2Q2020.

**1 (d) (i) A statement for the group and the issuer showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share capital US\$'000	Retained earnings 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 2019	109,276	18,667	695	1,498	(2,899)	127,237	6,095	133,332
Adjustments due to first time adoption of <i>IFRS 16</i>	-	(8,707)	-	-	-	(8,707)	(32)	(8,739)
Profit for the period	-	6,447	-	-	-	6,447	304	6,751
Other comprehensive (expense)/ income	-	-	(1,231)	502	-	(729)	(58)	(787)
Total comprehensive income/ (expense)	-	6,447	(1,231)	502	-	5,718	246	5,964
Shares issued	3,898	-	-	-	-	3,898	-	3,898
Acquisition of additional interests in a subsidiary	-	199	-	-	-	199	(199)	-
Distribution to owners - FY2018 dividend	-	(2,693)	-	-	-	(2,693)	-	(2,693)
FY2019 interim dividend	-	(1,141)	-	-	-	(1,141)	-	(1,141)
At 30 June 2019	113,174	12,772	(536)	2,000	(2,899)	124,511	6,110	130,621
At 1 January 2020	113,174	14,055	(487)	1,734	(2,877)	125,599	469	126,068
Loss for the period	-	(3,827)	-	-	-	(3,827)	(78)	(3,905)
Other comprehensive (expense)/ income	-	-	(665)	571	-	(94)	(6)	(100)
Total comprehensive (expense)/ income	-	(3,827)	(665)	571	-	(3,921)	(84)	(4,005)
Disposal of interests in a subsidiary	-	-	-	-	-	-	228	228
Payment to non-controlling interest	-	-	-	-	-	-	(27)	(27)
Distribution to owners - FY2019 final dividend	-	(1,224)	-	-	-	(1,224)	-	(1,224)
At 30 June 2020	113,174	9,004	(1,152)	2,305	(2,877)	120,454	586	121,040

Company	Share capital US\$'000	Retained earnings/ (Accumulated losses) US\$'000	Total equity US\$'000
At 1 January 2019	109,276	3,035	112,311
Profit for the period	-	1,032	1,032
Total comprehensive income	-	1,032	1,032
Shares issued	3,898	-	3,898
Distribution to owners – FY2018 dividend	-	(2,693)	(2,693)
Distribution to owners – FY2019 interim dividend	-	(1,141)	(1,141)
At 30 June 2019	113,174	233	113,407
At 1 January 2020	113,174	2,470	115,644
Loss for the period	-	(962)	(962)
Total comprehensive expense	-	(962)	(962)
Distribution to owners – FY2019 final dividend	-	(1,224)	(1,224)
At 30 June 2020	113,174	284	113,458



- 1 (d) (ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the half-year ended 30 June 2020, there was no change in share capital.

The Company did not have any convertibles or treasury shares as at 30 June 2020, 31 December 2019 and 30 June 2019.

- 1 (d) (iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
Total number of issued shares	78,599,987	78,599,987

- 1 (d) (iv) **A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4 **Whether the same accounting policies and method of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2019.

- 5 **If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

There are no significant changes to the accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2019. The adoptions of the new or revised IFRSs that are effective for the annual period beginning 1 January 2020 do not have a significant impact on the Group's results of operations and financial position.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Half-year ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares in issue ('000)	78,600	74,422
<b><u>Continuing Operations</u></b>		
(i) (Loss)/ profit from continuing operations attributable to owners of the parent (US\$'000)	(10,143)	7,882
(Loss)/ earnings per share (US cents per share) from continuing operations - basic and diluted	(12.90)	10.59
<b><u>Discontinued Operation</u></b>		
(ii) Profit/ (loss) from discontinued operation attributable to owners of the parent (US\$'000)	6,316	(1,435)
Earnings/ (loss) per share (US cents per share) from discontinued operation - basic and diluted	8.04	(1.93)
<b><u>Total</u></b>		
(iii) (Loss)/ profit attributable to owners of the parent (US\$'000)	(3,827)	6,447
(Loss)/ earnings per share (US cents per share) - basic and diluted	(4.87)	8.66

- 7 **Net asset value for the group per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

	<b>30 June 2020</b>	<b>31 December 2019</b>
Net asset value per ordinary share based on issued share capital (in US\$)	1.54	1.60

- 8 **A review of the group performance, to the extent necessary for a reasonable understanding of the group's business. It must include discussion of any significant factors that affected the turnover, costs, and earnings for the current financial period report on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the group during current financial period reported on:**

#### **Review of Income Statement**

##### **Total Income**

Following the deconsolidation of Uni-Asia Hotels Limited group, the net results of Uni-Asia Hotels Limited group is considered results from discontinued operation and is reported as a separate line item in the income statement. Accordingly, the hotel income from hotel operations pre-deconsolidation is not included as part of the Group's total income. The income statement for 1H2019 was restated in accordance with the requirements of *IFRS 5* on accounting for discontinued operations. Total income of the Group excluding hotel operations was \$21.6 million for 1H2020 and \$28.8 million for restated 1H2019. Changes in major components of total income, including charter income, fee income and investment returns are explained below.

(i) Charter Income

Charter income decreased by 25% from \$18.2 million in 1H2019 to \$13.7 million in 1H2020. The Covid-19 pandemic had severely impacted shipping market globally especially due to strict lock-down measures imposed by many countries. The Group's ships under short-term spot charter rates as well as ships which charters were due for renewal were badly affected.

(ii) Fee Income

Breakdown of Fee Income:	Half-year ended 30 June		
	2020 US\$'000	2019 US\$'000	% Change
Asset management & administration fee	1,668	1,630	2%
Arrangement and agency fee	1,753	1,238	42%
Brokerage commission	1,211	956	27%
Incentive fee	196	489	(60%)
	4,828	4,313	12%

Total fee income, at \$4.8 million for 1H2020, represents a 12% increase from 1H2019. Recurring asset management and administration fee income earned in 1H2020 remained around the same level as that in 1H2019. Arrangement and agency fee for 1H2020 increased by 42% due to more arrangement deal transactions in 1H2020 for both shipping and property assets. Increase in brokerage commission was due to more brokerage commission deals closed in 1H2020. Incentive fees decreased due to fewer disposal of assets under management in 1H2020.

(iii) Investment Returns

Breakdown of Investment Returns:	Half-year ended 30 June		
	2020 US\$'000	2019 US\$'000	% Change
Realised gain on investment property	1,403	646	117%
Realised gain/ (loss) on investments			
- shipping	76	442	(83%)
- small residential property projects	92	125	(26%)
- listed shares	15	26	(42%)
- others	(31)	-	N/M
Property rental income	245	334	(27%)
Fair value adjustments on investments			
- shipping	(224)	-	N/M
- commercial office/ industrial property projects	871	4,202	(79%)
- small residential property projects	34	(40)	(185%)
- listed shares	(362)	(39)	N/M
Net adjustments on derivative financial instruments	87	-	N/M
	2,206	5,696	(61%)

Investment returns for 1H2020 was a gain of \$2.2 million compared to \$5.7 million for 1H2019.

Realised gain of investment property investments contributed \$1.4 million to investment returns for 1H2020.

Fair valuation gain from the Group's 4<sup>th</sup> and 5<sup>th</sup> Hong Kong property projects contributed \$0.9 million in investment returns offset by fair valuation loss of \$0.2 million and \$0.4 million for shipping and listed shares investments respectively.

**Total Operating Expenses**

Employee benefits expenses decreased by 5% for 1H2020 compared to restated 1H2019. Amortisation and depreciation increased by 6% due to increase in property, plant and equipment arising from capitalised drydocking expenses.

As a result of severe deterioration in the ships' value-in-use caused by Covid-19 pandemic, the Group recorded \$7.9 million of impairment for ship investments under property, plant and equipment. The Group also recognised \$1.1 million impairment of loan receivable from a ship investment due to the pandemic.

Net operating expenses was \$28.8 million for 1H2020 compared to \$15.8 million for restated 1H2019.

### **Operating Loss**

Operating loss of the Group was \$7.3 million for 1H2020 compared to operating profit of \$13.0 million for restated 1H2019.

### **Finance Costs and Other Costs**

Interest on borrowings was \$2.2 million for 1H2020, a 19% decrease from restated 1H2019 as total borrowings decreased in 1H2020.

Allocation to Tokumei Kumiai investors reduced by 106% as there were no significant sharing of profit or loss with Tokumei Kumiai investors in 1H2020.

### **Net Loss After Tax From Continuing Operations**

The Group's net loss after tax from continuing operations was \$10.0 million for 1H2020 compared to a net profit of \$8.2 million for restated 1H2019.

### **Net Gain After Tax From Discontinued Operation**

Loss from discontinued operation, net of tax was \$18.3 million for 1H2020 compared to net loss after tax of \$1.5 million for restated 1H2019. The increase in net loss of the deconsolidated Uni-Asia Hotels Limited group was due the hospitality industry in Japan being severely crippled by Covid-19 pandemic, depressing both occupancy rates and average daily rates of all hotels.

Following the deconsolidation, a gain from deconsolidation of \$24.4 million was recognised.

### **Net Loss After Tax**

Loss for 1H2020 for the Group after factoring in the above was \$3.9 million, compared to a profit of \$6.8 million for pre-Covid-19 pandemic 1H2019.

## **9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results.**

Not applicable. The Group has not provided a forecast.

## **10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

### **Shipping**

Covid-19 pandemic has caused great difficulties to businesses worldwide, in particular businesses which rely heavily on cross-border trades. Seaborne trade saw the greatest decline in more than 30 years as a result of the pandemic. Like all other businesses around the world, the rate of recovery of shipping industry is dependent on the development of Covid-19 pandemic.

Two possible scenarios worthy of mention are listed in Clarksons Research "Covid-19: Shipping Impact Assessment" Update No. 6 dated 2 July 2020. One scenario is that the pandemic peaks in 2H2020, resulting in easing of lockdowns, economic activity picks up, and global stimulus begins to see results. Such easing of crisis mode continues into 2021 and economic activities "normalise" thereafter. Under such a scenario, seaborne trade may start picking up towards end of 2H2020 as businesses starts "re-stocking", with trade volume moving towards 2019 levels in 2021, and beyond 2019 levels thereafter. This recovery is deemed a "V-Shaped Recovery". The other more pessimistic scenario is that the peak impact of Covid-19 prolongs in many countries, with second or third wave of the pandemic striking in 2H2020 or even 2021. Business closures continues, with unemployment causing enduring impact on consumer behaviour. Under such scenario, seaborne trade growth will remain under pressure even in 2021, and seaborne trade volume could be below 2019 levels until 2023 and beyond. Such scenario is deemed "Prolonged Slowdown" scenario.

Having assessed the current market and possible scenarios going forward, the Group has taken a more prudent approach in assessing the “value-in-use” of ship investments under the Group’s Property, Plant and Equipment. For the Group’s 29k dwt and 38k dwt dry bulk carriers under spot charter rates, a lower daily charter rate range of between 5 to 9.5 thousand US dollars per day is assumed for the next few years for valuation purpose, while for the Group’s containerships, a lower daily charter rate range of between 8 to 10.5 thousand US dollars per day is assumed. These lower daily charter rate assumptions resulted in a total of \$7.9 million impairment loss provided for 4 dry bulk carriers and 1 containership for 1H2020. With this impairment, the ship asset values would be more reflective of the business conditions facing the Group’s ship owning and chartering business.

#### Hong Kong Property

The Hong Kong office and industrial property market had softened in 1H2020 compared to 1H2019 due to Covid-19 pandemic and geopolitical factors. Both sellers and buyers are cautious about entering into transactions during this period of uncertainties. Notwithstanding, preparation to launch pre-sale of the Group’s 4<sup>th</sup> and 5<sup>th</sup> project is underway so as to take advantage of any possible window of opportunity that may arise in the near term.

#### Japan Property

The Group’s Japan property business is the most resilient amongst the Group’s business segments in the current Covid-19 pandemic. The Group’s small residential property projects – ALERO projects, as well as the Group’s other property businesses in Japan including property asset management business, are still progressing per the Group’s pre-Covid-19 business plan.

#### Summary

The Group had weathered many storms since its founding in 1997, including the Asian Financial Crisis and the Lehman Brothers Crisis. The Group is determined to emerge from the Covid-19 pandemic stronger. Being an investment and asset management company of diversified assets, the Group believes that it has more strategic options as well as the resiliency of varied income source to help cushion the impact of this pandemic. The Group is managing its liquidity cautiously while seeking new opportunities during the pandemic to grow the Group’s business.

## 11 Dividend

### (a) Current Financial Period Reported On

**Any dividend declared for the current financial period reported on?**

No.

### (b) Corresponding period of the Immediately Preceding Financial Year

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes.

### (c) The date the dividend is payable.

N.A.

### (d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

N.A.

## 12 If no dividend has been declared/ recommended, a statement to that effect.

Due to the losses incurred by the Group for 1H2020 as a result of Covid-19 pandemic and the need for the Group to conserve cash to tide over the pandemic, no dividend has been declared/ recommended by the Directors for the half-year ended 30 June 2020.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value of all interested person transactions conducted under the Shareholders' Mandate (excluding transactions less than S\$100,000) pursuant to Rule 920 US\$'000
Yamasa Co., Ltd (and its associates)	1,201.7

- 14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**BY THE ORDER OF THE BOARD**

Michio Tanamoto  
Executive Chairman  
14 August 2020

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

On behalf of the Board of Directors of the Company, I hereby confirm to the best of my knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half-year ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors



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Michio Tanamoto  
Executive Chairman



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Kenji Fukuyado  
Chief Executive Officer

Date: 14 August 2020