



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

PRESS RELEASE -- FOR IMMEDIATE RELEASE

Uni-Asia Reports Total Income of US\$21.6 million for 1H2020

- Charter income declined by 25% to US\$13.7 million for 1H2020 due to the impact of the Covid-19 pandemic on the shipping market globally
- Group's partial disposal of its stake in Uni-Asia Hotels Limited ("UA Hotels") in June 2020 led to a net gain of US\$6.1 million and reduced exposure to more potential losses in a weak hospitality market
- Group reported a net loss of US\$3.9 million primarily as it took a prudent approach to provide impairment losses of US\$7.9 million for its ship investments and US\$1.1 million for loan receivables resulting from the Covid-19 impact

Singapore, 14 August 2020 – Uni-Asia Group Limited ("Uni-Asia" or the "Group"), an alternative investment company, asset manager and integrated service provider of vessels and properties, announced its financial results for the six months ended 30 June 2020 ("1H2020").

Income Statements Highlights	1H2020	Restated ¹ 1H2019	Change
	US\$'000	US\$'000	%
Total Income	21,559	28,831	(25)
Total Operating Expenses	(28,833)	(15,818)	82
Operating (Loss) / Profit	(7,274)	13,013	N/M
Net (Loss) / Profit After Tax from Continuing Operations	(10,036)	8,201	N/M
Net Gain / (Loss) from Discontinued Operation	6,131	(1,450)	N/M
(Loss) / Profit for the Period	(3,905)	6,751	N/M
Basic (Loss) / Earnings Per Share (US cents) ²	(4.87)	8.66	N/M

N/M – not meaningful

¹ The comparative figures have been re-presented to report separately profit or loss items for continuing and discontinued operations.

² Based on bonus-issue adjusted weighted average of 74,422,139 ordinary shares in issue for 1H2019.

1H2020 FINANCIAL REVIEW

Total Income

Total income declined by 25% to US\$21.6 million in 1H2020 mainly due to lower charter income and investment returns.

On 26 June 2020, the Group disposed a 49.5% stake in Uni-Asia Hotels Limited (“**UA Hotels**”). The Group continues to hold a 49.5% stake in UA Hotels with the remaining 1% being held by a non-related third party. As a result, UA Hotels ceased to be a subsidiary and has become an associated company of the Group. 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. Hotel income was not included as part of the Total Income of continuing operations for 1H2020 or 1H2019.

Revenue	1H2020 US\$'000	1H2019 US\$'000	Change %
Charter Income	13,743	18,209	(25)
Fee Income	4,828	4,313	12
Investment Returns	2,206	5,696	(61)
Interest Income	487	462	5
Other Income	295	151	95
Total Income	21,559	28,831	(25)

N/M – not meaningful

(i) Charter Income

Charter income decreased by 25% to US\$13.7 million in 1H2020. The Covid-19 pandemic had impacted the shipping market globally and affected short-term charter rates and the ships which charters were due for renewal under the Group’s fleet.

(ii) Fee Income

Fee income grew by 12% to US\$4.8 million in 1H2020 mainly aided by increases in arrangement and agency fee as well as brokerage commission. Arrangement and agency fee rose by 42% to US\$1.8 million in 1H2020 due to more arrangement deal transactions for shipping and property assets. Brokerage commission climbed by 27% to US\$1.2 million as more deals were closed in 1H2020 and the Group generated more brokerage commissions.

(iii) Investment Returns

The Group reported investment returns of US\$2.2 million for 1H2020, primarily contributed by a realised gain of US\$1.4 million from investment property investments, and fair valuation gains of US\$0.9 million from the Group’s 4th and 5th property projects. These were offset by fair valuation losses of US\$0.2 million for shipping and US\$0.4 million for listed shares investments.

Total Operating Expenses

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

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

Net Loss After Tax

For 1H2020, the Group reported a net loss after tax from continuing operations of US\$10.0 million, compared to a net profit of US\$8.2 million for the restated 1H2019.

The Covid-19 pandemic affected the hospitality industry in Japan severely, depressing both occupancy rates and average daily rates of all hotels. As a result, the Group incurred US\$18.3 million net loss after tax from its discontinued operations - the deconsolidated UA Hotels' hotel operating business in Japan. On a positive note, the deconsolidation of UA Hotels resulted in a gain of US\$24.4 million.

Factoring in the items above, the Group reported a net loss for the period of US\$3.9 million for 1H2020, compared to a net profit for the period of US\$6.8 million for the restated 1H2019.

BUSINESS OUTLOOK

Shipping

Scenario 1: "V-Shaped Recovery"

According to Clarkson's Research³, one possible scenario is that the pandemic would peak in 2H2020, resulting in (1) easing of lockdowns globally, (2) economic activity starts to pick up and (3) stimulus packages from different countries begin to see some positive results. Under such a scenario, seaborne trade will start to accelerate towards the end of 2H2020 as business starts to "re-stock" and trade volume returns to pre-pandemic levels in 2019.

Scenario 2: "Prolonged Slowdown"

In the same Clarkson's Research report, a possible second scenario could be that the peak impact of Covid-19 prolongs in multiple countries, which include a second or third wave of infections hitting in 2H2020 or in 2021. Under this scenario, business closure continues with unemployment rates damping consumer behaviour, leading to lower seaborne trade volumes until 2023 and beyond.

These scenarios will have an adverse impact, to various degrees, on the Group's charter rates of its vessels and the valuation of these vessels. Taking into consideration the possible scenarios and current market situation, the Group has taken the prudent approach to cater a total of US\$7.9 million impairment loss for four of its dry bulk carriers and one containership in 1H2020.

Hong Kong Property

The Hong Kong office and industrial property market had softened in 1H2020 as compared to 1H2019 due to the Covid-19 pandemic and other geopolitical factors. Therefore, both buyer and sellers are cautious about entering into transactions in a period of uncertainties. Notwithstanding, the Group's pre-

³ Clarksons Research, Covid-19: Shipping Impact Assessment" Update No. 6, 2 July 2020

sale launch of its 4th and 5th Hong Kong projects is well underway to capitalise on any window of opportunity that may arise in the near term.

Japan Residential Property

Tokyo's residential property market remains the most resilient among the Group's business segments during the Covid-19 pandemic. According to Japan Property Central⁴, the average advertised rent in Tokyo's 23 wards in May 2020 saw a 5.4% increase from May 2019. As for long-term landlords, the relatively high cost of moving has meant that many tenants stayed put during this period. In the second half of June 2020, weekly transactions had recovered and were up 1.7% from the same period in June 2019. Average apartment sale prices have remained stable, while median discounts are sitting at around 1.5%. The Group's small residential property projects – ALERO series and its other property businesses in Japan including property asset management business are still progressing as per the Group's pre-Covid-19 business plan.

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About Uni-Asia Group Limited. (Bloomberg Code: UAG SP)

Uni-Asia Group Ltd is an alternative investment company performing a variety of roles including asset owner and manager, operator, co-investor, ship finance arranger, broker and fund manager. Uni-Asia's investments are focused on cargo vessels and properties in Hong Kong and Japan. To improve investment returns, Uni-Asia also provides integrated services for the invested assets, including acting as operator for commercial maritime vessels and invested properties which encompasses commercial, residential properties.

Listed on the Main Board of the Singapore Exchange in August 2007, their offices are located in Hong Kong, Singapore, Tokyo and China.

For more information, please visit the corporate website at www.uni-asia.com

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⁴ <https://www.retalkasia.com/news/2020/07/17/effects-coronavirus-japans-real-estate-market/1594954849>