



UNI-ASIA GROUP LIMITED

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

FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2018

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF SECOND QUARTERLY 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	2 nd Quarter			Half year ended 30 June		
		2018 US\$'000	2017 US\$'000	% Change	2018 US\$'000	2017 US\$'000	% Change
Charter Income	8(i)	9,496	9,077	5%	19,680	18,013	9%
Fee income	8(ii)	1,614	2,708	(40%)	4,023	3,857	4%
Hotel income	8(iii)	15,184	10,723	42%	28,010	21,020	33%
Investment returns	8(iv)	2,354	2,143	10%	1,457	4,365	(67%)
Interest income		207	205	1%	408	374	9%
Other income		244	322	(24%)	1,071	503	113%
Total income		29,099	25,178	16%	54,649	48,132	14%
Employee benefits expenses		(4,404)	(3,808)	16%	(8,546)	(7,420)	15%
Amortisation and depreciation		(2,578)	(2,617)	(1%)	(5,273)	(5,119)	3%
Vessel operating expenses		(4,682)	(4,051)	16%	(9,023)	(8,104)	11%
Hotel lease expenses		(4,664)	(3,612)	29%	(8,720)	(7,321)	19%
Hotel operating expenses		(7,523)	(4,742)	59%	(13,576)	(9,089)	49%
(Loss)/ Gain on disposal of property, plant and equipment		(2)	-	N/M	110	-	N/M
Reversal of impairment of property, plant and equipment		56	-	N/M	3,107	-	N/M
Other expenses		(1,576)	(1,464)	8%	(2,727)	(2,513)	9%
Net foreign exchange gain/ (loss)		811	(28)	N/M	(311)	(226)	38%
Total operating expenses		(24,562)	(20,322)	21%	(44,959)	(39,792)	13%
Operating profit		4,537	4,856	(7%)	9,690	8,340	16%
Finance costs – interest expense		(1,531)	(1,331)	15%	(2,932)	(2,630)	11%
Finance costs – others		(95)	(71)	34%	(231)	(156)	48%
Allocation to Tokumei Kumiai ^A investors		145	62	134%	(31)	145	(121%)
Profit before tax		3,056	3,516	(13%)	6,496	5,699	14%
Income tax expense		(29)	(104)	(72%)	(153)	(178)	(14%)
Profit for the period		3,027	3,412	(11%)	6,343	5,521	15%
Attributable to:							
Owners of the parent		1,952	2,688	(27%)	5,134	4,813	7%
Non-controlling interests		1,075	724	48%	1,209	708	71%
		3,027	3,412	(11%)	6,343	5,521	15%

^A 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.

	2 nd Quarter			Half year ended 30 June		
	2018 US\$'000	2017 US\$'000	% Change	2018 US\$'000	2017 US\$'000	% Change
Profit for the period	3,027	3,412	(11%)	6,343	5,521	15%
Other comprehensive (expense)/ income for the period, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	(1,066)	(10)	N/M	190	807	(76%)
Net movement on cash flow hedges	135	(126)	(207%)	660	31	N/M
Other comprehensive (expense)/ income for the period, net of tax	(931)	(136)	N/M	850	838	1%
Total comprehensive income for the period	2,096	3,276	(36%)	7,193	6,359	13%
Attributable to:						
Owners of the parent	1,037	2,590	(60%)	5,973	5,680	5%
Non-controlling interests	1,059	686	54%	1,220	679	80%
	2,096	3,276	(36%)	7,193	6,359	13%

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 2018 US\$'000	31 December 2017 US\$'000	30 June 2018 US\$'000	31 December 2017 US\$'000
ASSETS				
Non-current assets				
Investment properties	18,701	14,975	-	-
Investments	24,073	27,668	-	-
Investment in subsidiary	-	-	109,276	109,276
Intangible assets	28	27	-	-
Property, plant and equipment	208,327	222,943	-	-
Rental deposit	6,453	4,567	-	-
Derivative financial instruments	607	430	-	-
Finance lease receivable	7,589	7,643	-	-
Accounts receivable	794	885	-	-
Deferred tax assets	41	129	-	-
Total non-current assets	266,613	279,267	109,276	109,276
Current assets				
Investments	33,503	30,302	-	-
Loans receivable	140	-	-	-
Derivative financial instruments	451	177	-	-
Finance lease receivable	381	364	-	-
Accounts receivable	4,804	4,703	-	-
Amount due from subsidiary	-	-	-	1,824
Prepayments, deposits and other receivables	10,083	9,950	370	550
Tax recoverable	75	711	-	-
Deposits pledged as collateral	4,062	3,847	-	-
Cash and bank balances	38,861	40,556	446	76
Total current assets	92,360	90,610	816	2,450
Total assets	358,973	369,877	110,092	111,726

NOTES:

The Group's non-current assets decreased by \$12.7 million from \$279.3 million on 31 December 2017 to \$266.6 million on 30 June 2018. This was mainly due to:

- 1) Decrease in property, plant and equipment from \$222.9 million on 31 December 2017 to \$208.3 million on 30 June 2018 primarily due to the disposal of a hotel and a ship investment held under property, plant and equipment;
- 2) Decrease in investments from \$27.7 million on 31 December 2017 to \$24.1 million on 30 June 2018 due mainly to receipt of capital repayment from existing investments and fair value adjustments;

Offset by:

- 3) Increase in investment properties from \$15.0 million on 31 December 2017 to \$18.7 million on 30 June 2018 due to additional funding of existing investment properties; and
- 4) Increase in rental deposits from \$4.6 million on 31 December 2017 to \$6.5 million on 30 June 2018 due to rental deposits for new hotels added to the Group's hotel operation portfolio.

Current assets increased by \$1.8 million from \$90.6 million on 31 December 2017 to \$92.4 million on 30 June 2018 mainly due to additional fair valuation gain recognised for the Group second Hong Kong property project held under current assets.

	Group		Company	
	30 June 2018 US\$'000	31 December 2017 US\$'000	30 June 2018 US\$'000	31 December 2017 US\$'000
EQUITY				
Equity attributable to owners of the parent				
Share capital	109,276	109,276	109,276	109,276
Retained earnings	22,575	19,674	(87)	2,332
Hedging reserve	1,569	943	-	-
Exchange reserve	1,586	1,373	-	-
Capital reserve	(2,907)	(2,907)	-	-
Total equity attributable to owners of the parent	132,099	128,359	109,189	111,608
Non-controlling interests	8,826	7,606	-	-
Total equity	140,925	135,965	109,189	111,608
LIABILITIES				
Non-current liabilities				
Borrowings	144,197	150,343	-	-
Derivative financial instruments	-	108	-	-
Deferred tax liabilities	529	538	-	-
Other payables	79	77	-	-
Provision for onerous contract	1,290	1,735	-	-
Total non-current liabilities	146,095	152,801	-	-
Current liabilities				
Borrowings	58,430	66,462	-	-
Due to Tokumei Kumiai investors	2,874	2,359	-	-
Derivative financial instruments	13	127	-	-
Accounts payable	3,254	3,970	-	-
Amount due to subsidiary	-	-	810	-
Other payables and accruals	6,728	7,716	93	118
Provision for onerous contract	601	439	-	-
Income tax payable	53	38	-	-
Total current liabilities	71,953	81,111	903	118
Total liabilities	218,048	233,912	903	118
Total equity and liabilities	358,973	369,877	110,092	111,726

NOTES:

Total liabilities decreased by \$15.9 million from \$233.9 million on 31 December 2017 to \$218.0 million on 30 June 2018 mainly due to repayment of borrowings in relation to a hotel and a ship investment (held under "property, plant and equipment") which had been disposed of.

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

	As at 30 June 2018		As at 31 December 2017	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	36,342	22,088	40,404	26,058
Amount repayable after one year	129,457	14,740	133,814	16,529
Total	165,799	36,828	174,218	42,587

Details of any collateral

The Group's borrowings as at 30 June 2018 are secured by means of:

- legal mortgages over certain cash deposits of a subsidiary
- legal mortgages over investment properties of subsidiaries
- legal mortgages over vessels of subsidiaries
- a legal mortgage over an investment in a subsidiary
- legal mortgages over a freehold property under the category of "Property, plant and equipment" of a subsidiary

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	
		2018 US\$'000	2017 US\$'000
Cash flows from operating activities			
Profit before tax		6,496	5,699
Adjustments for:			
Investment returns		(1,457)	(4,365)
Amortisation and depreciation		5,273	5,119
Gain on disposal of property, plant and equipment		(110)	-
Reversal of impairment of property, plant and equipment		(3,107)	-
Reversal of provision for accounts receivable (IFRS 9)		(3)	-
Net foreign exchange loss		311	226
Interest income		(408)	(374)
Finance costs – interest expense		2,932	2,630
Finance costs – others		231	156
Allocation to Tokumei Kumiai investors		31	(145)
Operating cash flows before changes in working capital		10,189	8,946
Changes in working capital:			
Net change in accounts receivable		(116)	326
Net change in prepayments, deposits and other receivables		(242)	(1,194)
Net change in accounts payable		(701)	(72)
Net change in other payables, accruals and deferred income		(1,749)	(2,214)
Cash flows generated from operations		7,381	5,792
Interest received on bank balances		114	59
Tax reimbursed		615	81
Net cash flows generated from operating activities	[A]	8,110	5,932
Cash flows from investing activities			
Purchase of investment properties		(3,572)	(7,114)
Purchase of investments		(4,388)	(4,459)
Proceeds from redemption/ sale of investments		5,451	1,251
Proceeds from finance lease		187	171
Hotel lease deposit		(1,654)	(1,141)
Deposits for small residential projects		(92)	(110)
Purchase of property, plant and equipment		(962)	(2,415)
Proceeds from disposal of property, plant and equipment		14,527	1
Net contribution from Tokumei Kumiai investors		546	1,865
Loans advanced		(140)	(5,188)
Interest received from loans and finance leases		262	269
Net increase in deposits pledged as collateral		(249)	(472)
Income proceeds from investments		343	133
Settlement of derivative financial instruments		(59)	(149)
Proceeds from property rental		429	432
Net cash flows generated from/ (used in) investing activities	[B]	10,629	(16,926)

	Note	Half year ended 30 June	
		2018 US\$'000	2017 US\$'000
Cash flows from financing activities			
Proceeds from borrowings		6,850	22,136
Repayment of borrowings		(22,403)	(15,236)
Interest and other finance cost paid		(2,920)	(2,783)
Dividend paid		(2,218)	(1,010)
Net cash flows (used in)/ generated from financing activities	[C]	(20,691)	3,107
Net decrease in cash and bank balances		(1,952)	(7,887)
Movements in cash and bank balances:			
Cash and bank balances at beginning of the period		40,556	35,552
Net decrease in cash and bank balances		(1,952)	(7,887)
Effects of foreign exchange rate changes, net		257	803
Cash and bank balances at end of the period		38,861	28,468

NOTES:

The Group's cash and bank balances decreased by \$1.7 million in 1H2018 after the effects of foreign exchange rate changes mainly due to the followings:

[A] Cash flows generated from operating activities amounted to \$8.1 million for 1H2018, mainly due to contribution from ship charter income and arrangement fees earned.

[B] Cash flows generated from investing activities were \$10.6 million for 1H2018.

Main cash inflows from investing activities include:

- i) proceeds from redemption/sale of investments of \$5.5 million; and
- ii) proceeds from disposal of a hotel and a ship (both of which are classified under property, plant and equipment) totalling \$14.5 million.

Main cash outflows from investing activities include:

- i) investment in investment properties of \$3.6 million;
- ii) purchase/additional funding of investments of \$4.4 million; and
- iii) payment of new hotel lease deposit of \$1.7 million.

[C] Cash flows used in financing activities were \$20.7 million in 1H2018 mainly due to scheduled repayments of borrowings offset by new borrowings and refinancing of existing borrowings in 1H2018. Dividend of \$2.2 million for FY2017 approved in AGM was paid in 2Q2018.

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: Uni-Asia Group Limited	Share capital US\$'000	Share premium 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 2017	75,167	31,319	14,460	353	525	(117)	121,707	4,185	125,892
Profit for the period	-	-	4,813	-	-	-	4,813	708	5,521
Other comprehensive income/ (expense)	-	-	-	52	815	-	867	(29)	838
Total comprehensive income	-	-	4,813	52	815	-	5,680	679	6,359
Adjustments to equity arising from restructuring ^B	34,109	(31,319)	-	-	-	(2,790)	-	-	-
Distribution to owners - Dividend in respect of 2016	-	-	(1,010)	-	-	-	(1,010)	-	(1,010)
At 30 June 2017	109,276	-	18,263	405	1,340	(2,907)	126,377	4,864	131,241
At 1 January 2018	109,276	-	19,674	943	1,373	(2,907)	128,359	7,606	135,965
Adjustments due to first time adoption of IFRS 9	-	-	(15)	-	-	-	(15)	-	(15)
Profit for the period	-	-	5,134	-	-	-	5,134	1,209	6,343
Other comprehensive income	-	-	-	626	213	-	839	11	850
Total comprehensive income	-	-	5,134	626	213	-	5,973	1,220	7,193
Distribution to owners - Dividend in respect of 2017	-	-	(2,218)	-	-	-	(2,218)	-	(2,218)
At 30 June 2018	109,276	-	22,575	1,569	1,586	(2,907)	132,099	8,826	140,925

Company: Uni-Asia Group Limited	Share capital US\$'000	Accumulated losses/ Retained earnings US\$'000	Total equity US\$'000
At date of incorporation	-	-	-
Loss for the period	-	(29)	(29)
Total comprehensive expense	-	(29)	(29)
Issuance of shares	109,276	-	109,276
At 30 June 2017	109,276	(29)	109,247
At 1 January 2018	109,276	2,332	111,608
Loss for the period	-	(201)	(201)
Total comprehensive expense	-	(201)	(201)
Distribution to owners - Dividend in respect of 2017	-	(2,218)	(2,218)
At 30 June 2018	109,276	(87)	109,189

^B Uni-Asia Group Limited (the "Company") was incorporated on 12 January 2017 with an issued and paid-up share capital of US\$1.00, comprising one ordinary share ("Share"). On 26 May 2017, the Company completed the acquisition of all of the shares in the capital of Uni-Asia Holdings Limited pursuant to the restructuring exercise (the "Restructuring Exercise") undertaken by the Company by way of a scheme of arrangement under Section 86 of the Companies Law (2017 Revision) of the Cayman Islands (the "Scheme"). In connection with the Restructuring Exercise and the Scheme, 46,979,279 Shares ("Scheme Shares") were allotted and issued by the Company to the shareholders of Uni-Asia Holdings Limited on 26 May 2017. Following the allotment and issuance of the Scheme Shares, the total issued share capital of the Company increased from one Share to 46,979,280 Shares. Following the completion of the Restructuring Exercise, the Company was listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 2 June 2017 and Uni-Asia Holdings Limited was delisted from the Main Board of the SGX-ST with effect from 2 June 2017.

- 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 period ended 30 June 2018, there was no change in share capital.

The Company did not have any convertibles or treasury shares as at 30 June 2018, 31 December 2017 and 30 June 2017.

- 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.

	As at 30 June 2018	As at 31 December 2017
Total number of issued shares	46,979,280	46,979,280

- 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 2017, except for the adoption of "IFRS 9 – Financial Instruments" and "IFRS 15 – Revenue from Contracts with Customers" that are effective as of 1 January 2018.

- 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.

The Group has adopted IFRS 9 and IFRS 15 on 1 January 2018.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment, and hedge accounting. There were no significant changes to the classification and measurement of the Group financial instruments and the accounting for hedges.

With regard to impairment, IFRS 9 requires the Group to assess expected credit losses on all of its relevant financial assets, either on a 12-month or lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on the relevant financial assets. As a result of the assessment, an impairment loss of US\$15,000 was made to the beginning retained earnings on 1 January 2018 (please refer to page 8) and a net reversal of impairment loss of US\$3,000 was made for the period ended 30 June 2018.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The adoption of IFRS 15 did not have a material impact to the Group’s financials.

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.

	2 nd Quarter		Half year ended 30 June	
	2018	2017	2018	2017
Profit attributable to owners of the parent (US\$'000)	1,952	2,688	5,134	4,813
Weighted average number of ordinary shares in issue ('000)	46,979	46,979	46,979	46,979
Earnings per share (US cents per share) - basic and diluted	4.16	5.72	10.93	10.25

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.

	30 June 2018	31 December 2017
Net asset value per ordinary share based on issued share capital (in US\$)	3.00	2.89

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

Total income of the Group was \$54.6 million for 1H2018, a 14% increase from 1H2017. Changes in major components of total income, including charter income, fee income, hotel income and investment returns are explained below.

(i) Charter Income

Charter income increased by 9% from \$18.0 million in 1H2017 to \$19.7 million in 1H2018. Besides better spot charter rates for the Group’s portfolio of ships under short term charter, one main factor is the inclusion of charter income of the vessel under Fulgida Bulkship S.A. (“Fulgida”) in 1H2018, but not in 1H2017. This is because Fulgida acquired its vessel on 2 November 2017.

(ii) Fee Income

Breakdown of Fee Income:	2 nd Quarter			Half year ended 30 June		
	2018 US\$'000	2017 US\$'000	% Change	2018 US\$'000	2017 US\$'000	% Change
Asset management & administration fee	642	640	0%	1,132	1,120	1%
Arrangement and agency fee	566	1,883	(70%)	2,303	2,448	(6%)
Brokerage commission	129	178	(28%)	235	274	(14%)
Incentive fee	277	7	N/M	353	15	N/M
	1,614	2,708	(40%)	4,023	3,857	4%

Total fee income, at \$4.0 million for 1H2018, remained at fairly the same level compared to \$3.9 million for 1H2017, notwithstanding that arrangement and agency fee for 2Q2018 was less than that of 2Q2017 by 70% due to less arrangement deal transactions in 2Q2018.

(iii) Hotel Income

Hotel income increased by 33% from \$21.0 million in 1H2017 to \$28.0 million in 1H2018 due to more rooms under operations in 1H2018 and better performance of the hotel portfolio.

(iv) Investment Returns

Breakdown of Investment Returns:	2 nd Quarter			Half year ended 30 June		
	2018 US\$'000	2017 US\$'000	% Change	2018 US\$'000	2017 US\$'000	% Change
Realised gain on investments						
- shipping	279	81	244%	343	132	160%
- small residential property developments	1	1	-	85	8	N/M
- listed shares	-	-	-	-	367	(100%)
Property rental income	242	248	(2%)	386	391	(1%)
Fair value adjustment on investment property	-	15	(100%)	-	1,157	(100%)
Fair value adjustment on investments						
- shipping	(1,284)	(685)	87%	(2,665)	(469)	N/M
- commercial office building	3,101	2,110	47%	3,064	2,110	45%
- hotel and residential	-	(8)	(100%)	-	(10)	(100%)
- small residential property developments	(21)	309	(107%)	(32)	299	(111%)
- listed shares	36	72	(50%)	321	529	(39%)
Net loss on derivative financial instruments	-	-	-	(45)	(149)	(70%)
	2,354	2,143	10%	1,457	4,365	(67%)

Investment returns for 1H2018 was \$1.5 million compared to \$4.4 million in 1H2017. Fair value gain of \$3.1 million was made for the Group's second Hong Kong commercial office property investment in 2Q2018, while additional fair value loss of \$1.3 million was recognised for the product tanker investment in 2Q2018.

Total Operating Expenses

The Group's total operating expenses increased by 13% from \$39.8 million in 1H2017 to \$45.0 million in 1H2018. Employee benefits expenses, hotel lease expenses and hotel operating expenses increased in correspond with the increase in hotel income. Depreciation and vessel operating expenses increased due mainly to the aforementioned vessel acquired in November 2017.

The Group made a reversal of impairment of property, plant and equipment totalling \$3.1 million in 1H2018 following the disposal of a hotel as well as a contracted sale of a ship, both of which were impaired in previous years.

Operating Profit

Operating profit of the Group was \$9.7 million for 1H2018, an increase of 16% compared to 1H2017.

Net Profit After Tax

The Group posted a net profit after tax of \$6.3 million for 1H2018, as compared to \$5.5 million for 1H2017.

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.

Dry Bulk

According to Clarksons Research "Dry Bulk Trade Outlook" June 2018 issue, global seaborne dry bulk trade is projected to grow by 2.7% to reach 5.2 billion tonnes in 2018 and by 3.4% in terms of tonne-miles. Although uncertainties remain over the impact of implemented and potential tariffs on trade between US and its major trading partners, the volume of dry bulk trade that could be affected may not be significant. Meanwhile on the supply side, the bulk carrier fleet is projected to expand at relatively subdued rate of 2.5% in both 2018 and 2019. Overall, there is potential for further gradual improvement in the drybulk sector as growth in seaborne dry bulk trade could outpace fleet growth in 2018.

Hong Kong Property

In Hong Kong, the Group's 2nd property investment project at 650 Cheung Sha Wan Road received the Certificate of Completion on 28 June 2018. Hong Kong's overall economy and labour market remains strong in supporting the leasing demand for office. As the demand for commercial office space in Hong Kong continues to grow, the Group is exploring a fifth project so as to capitalise on this growth.

Japan Property

Japan's property market remains buoyant. While expanding new ALERO projects opportunities, the Group is also exploring new asset/construction management opportunities including hotel redevelopment projects.

Hotel Operation

For 2017's Hotel Chain Ranking organised by "Jalan.net", one of the largest online hotels and ryokans booking site in Japan, the Group's Hotel Vista was voted first for 2 categories:

- i) "Business Travel – Less Than JPY15,000 Per Night" Category
- ii) "Family Travel – Less Than JPY15,000 Per Night" Category

With the Group's existing portfolio of hotels and new hotels to be added to the Group's portfolio, and the endorsement by guests as top in its category, the Group is in a good position to benefit from the growing hospitality market in Japan.

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?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/ recommended by the Directors for the second quarter ended 30 June 2018.

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)	1,357.0

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
Chairman and CEO
10 August 2018

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 second quarter ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors



Michio Tanamoto
Chairman and CEO

Date: 10 August 2018