



UNI-ASIA GROUP LIMITED

Company Registration No: 201701284Z
Incorporated in the Republic of Singapore

UNI-ASIA GROUP LIMITED AND ITS SUBSIDIARIES

**UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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Condensed Interim Consolidated Statement of Profit or Loss

For The Six Months Ended 30 June 2022

	Note	The Group 6 months ended 30 June		
		2022 US\$'000	2021 US\$'000	% Change
Charter income		34,036	19,998	70%
Fee income	9	4,244	2,925	45%
Sale of properties under development	9	9,222	5,091	81%
Investment returns	10	1,089	2,505	(57%)
Interest income		35	70	(50%)
Other income		234	1,072	(78%)
Total income		48,860	31,661	54%
Employee benefits expenses		(5,547)	(4,224)	31%
Amortisation and depreciation		(4,800)	(4,518)	6%
Depreciation of right-of-use assets		(753)	(801)	(6%)
Vessel operating expenses		(10,673)	(9,374)	14%
Costs of properties under development sold		(7,520)	(4,506)	67%
Gain on disposal of asset held for sale		–	365	N/M
Reversal of impairment of loan receivable		–	1,050	N/M
Impairment of receivables		–	(3)	N/M
Net foreign exchange gain		1,531	1,179	30%
Other expenses		(1,938)	(1,681)	15%
Total operating expenses		(29,700)	(22,513)	32%
Operating profit		19,160	9,148	109%
Finance costs – interest expense		(1,146)	(1,487)	(23%)
Finance costs – lease interest		(71)	(139)	(49%)
Finance costs – others		(137)	(79)	73%
Share of results of associates		(25)	11	N/M
Allocation to Tokumei Kumiai ¹ investors		(780)	(96)	N/M
Profit before tax		17,001	7,358	131%
Income tax expense	11	(524)	(325)	61%
Profit for the period		16,477	7,033	134%
Profit/(loss) for the period attributable to:				
Owners of the parent		16,404	7,180	128%
Non-controlling interests		73	(147)	150%
		16,477	7,033	134%

¹ 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.

Condensed Interim Consolidated Statement of Comprehensive Income

For The Six Months Ended 30 June 2022

	Note	The Group 6 months ended 30 June		
		2022 US\$'000	2021 US\$'000	% Change
Profit for the period		16,477	7,033	134%
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		(3,928)	(2,048)	92%
Net movement on cash flow hedges		406	468	(13%)
Other comprehensive expense for the period, net of tax		(3,522)	(1,580)	123%
Total comprehensive income for the period		12,955	5,453	138%
Total comprehensive income for the period attributable to:				
Owners of the parent		12,906	5,595	131%
Non-controlling interests		49	(142)	(135%)
		12,955	5,453	138%

N/M: Not meaningful

Condensed Interim Statements of Financial Positions

As At 30 June 2022

	Note	The Group		The Company	
		30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
ASSETS					
Non-current assets					
Investment properties	5	11,412	13,085	–	–
Investments	16	29,807	31,379	–	–
Investment in subsidiary		–	–	113,022	113,022
Investment in associates		82	124	–	–
Property, plant and equipment	6	131,493	136,357	3	5
Right-of-use assets		1,755	2,286	317	382
Rental deposit		472	398	–	–
Deferred tax assets		128	158	–	–
Total non-current assets		175,149	183,787	113,342	113,409
Current assets					
Investments	16	1,125	1,543	–	–
Properties under development		1,549	4,206	–	–
Derivative financial instruments		3	–	–	–
Accounts receivable		650	525	–	–
Amount due from subsidiary		–	–	4,252	4,200
Prepayments, deposits and other receivables		7,031	3,780	32	83
Tax recoverable		42	163	–	–
Cash and bank balances		44,999	36,732	1,321	760
Total current assets		55,399	46,949	5,605	5,043
Total assets		230,548	230,736	118,947	118,452

Condensed Interim Statements of Financial Positions (cont'd)

As At 30 June 2022

	Note	The Group		The Company	
		30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
EQUITY					
Equity attributable to owners of the parent					
Share capital	7	113,174	113,174	113,174	113,174
Retained earnings		35,101	21,525	3,717	3,001
Hedging reserve		(72)	(478)	–	–
Exchange reserve		(3,137)	767	–	–
Capital reserve		(2,854)	(2,854)	–	–
Total equity attributable to owners of the parent		142,212	132,134	116,891	116,175
Non-controlling interests		489	440	–	–
Total equity		142,701	132,574	116,891	116,175
LIABILITIES					
Non-current liabilities					
Borrowings	8	40,304	61,556	–	–
Lease liabilities		736	840	185	257
Derivative financial instruments		–	97	–	–
Amount due to subsidiary		–	–	1,000	1,000
Deferred tax liabilities		523	550	–	–
Other payables		45	52	–	–
Total non-current liabilities		41,608	63,095	1,185	1,257
Current liabilities					
Borrowings	8	35,744	22,285	–	–
Lease liabilities		2,112	3,599	128	131
Due to Tokumei Kumiai investors		455	1,230	–	–
Derivative financial instruments		187	422	–	–
Accounts payable		217	236	–	–
Amount due to subsidiary		–	–	11	4
Other payables and accruals		7,019	6,661	366	555
Income tax payable		505	634	366	330
Total current liabilities		46,239	35,067	871	1,020
Total liabilities		87,847	98,162	2,056	2,277
Total equity and liabilities		230,548	230,736	118,947	118,452

Condensed Interim Consolidated Statement of Changes in Equity

For The Six Months Ended 30 June 2022

The Group	Note	Attributable to the owners of the parent						Non-controlling interests US\$'000	Total equity US\$'000
		Share capital (Note 7) US\$'000	Retained earnings US\$'000	Hedging reserve US\$'000	Exchange reserve US\$'000	Capital reserve US\$'000	Total US\$'000		
At 1 January 2021		113,174	5,086	(684)	3,744	(2,856)	118,464	878	119,342
Profit/(loss) for the period		–	7,180	–	–	–	7,180	(147)	7,033
Other comprehensive income/(expense) for the period		–	–	468	(2,053)	–	(1,585)	5	(1,580)
Total comprehensive income/(expense) for the period		–	7,180	468	(2,053)	–	5,595	(142)	5,453
Acquisition of additional interests in a subsidiary		–	–	–	–	–	–	(52)	(52)
Distributions to owners:									
Final dividend in respect of 2020	12	–	(592)	–	–	–	(592)	–	(592)
Interim dividend in respect of 2021	12	–	(1,169)	–	–	–	(1,169)	–	(1,169)
Transfer to capital reserve		–	–	–	–	2	2	(2)	–
Payment to non-controlling interests		–	–	–	–	–	–	(238)	(238)
At 30 June 2021		113,174	10,505	(216)	1,691	(2,854)	122,300	444	122,744
At 1 January 2022		113,174	21,525	(478)	767	(2,854)	132,134	440	132,574
Profit for the period		–	16,404	–	–	–	16,404	73	16,477
Other comprehensive income/(expense) for the period		–	–	406	(3,904)	–	(3,498)	(24)	(3,522)
Total comprehensive income/(expense) for the period		–	16,404	406	(3,904)	–	12,906	49	12,955
Distributions to owners:									
Final dividend in respect of 2021	12	–	(2,828)	–	–	–	(2,828)	–	(2,828)
At 30 June 2022		113,174	35,101	(72)	(3,137)	(2,854)	142,212	489	142,701

Condensed Interim Statement of Changes in Equity

For The Six Months Ended 30 June 2022

The Company	Note	Share capital (Note 7) US\$'000	Retained earnings US\$'000	Total equity US\$'000
At 1 January 2021		113,174	678	113,852
Profit for the period, representing total comprehensive expense for the period		–	1,119	1,119
Distribution to owners:				
Final dividend in respect of 2020	12	–	(592)	(592)
Interim dividend in respect of 2021	12	–	(1,169)	(1,169)
At 30 June 2021		113,174	36	113,210
At 1 January 2022		113,174	3,001	116,175
Profit for the period, representing total comprehensive expense for the period		–	3,544	3,544
Distribution to owners:				
Final dividend in respect of 2021	12	–	(2,828)	(2,828)
At 30 June 2022		113,174	3,717	116,891

Condensed Interim Consolidated Statement of Cash Flows

For The Six Months Ended 30 June 2022

	Note	The Group	
		6 months ended 30 June	
		2022 US\$'000	2021 US\$'000
Cash flows from operating activities			
Profit before tax		17,001	7,358
Adjustments for:			
Investment returns	10	(1,089)	(2,505)
Amortisation and depreciation		4,800	4,518
Depreciation of right-of-use assets		753	801
Loss on write-off of property, plant and equipment		8	6
Gain on disposal of asset held for sale		–	(365)
Reversal of impairment of loan receivable		–	(1,050)
Impairment of receivables		–	3
Net foreign exchange gain		(1,531)	(1,179)
Interest income		(35)	(70)
Finance costs – interest expense		1,146	1,487
Finance costs – lease interest		71	139
Finance costs – others		137	79
Share of results of associates		25	(11)
Allocation to Tokumei Kumiai investors		780	96
Operating cash flows before changes in working capital		22,066	9,307
Changes in working capital:			
Net change in properties under development		2,253	(874)
Net change in accounts receivable		(159)	404
Net change in prepayments, deposits and other receivables		(3,135)	(50)
Net change in accounts payable		4	(12)
Net change in other payables and accruals		651	(198)
Cash flows generated from operations		21,680	8,577
Interest received on bank balances		25	15
Tax paid		(512)	(466)
Net cash flows generated from operating activities		21,193	8,126

Condensed Interim Consolidated Statement of Cash Flows (cont'd)

For The Six Months Ended 30 June 2022

	Note	The Group	
		6 months ended 30 June	
		2022 US\$'000	2021 US\$'000
Cash flows from investing activities			
Purchase of investment properties		(173)	(2,094)
Purchase of investments		(484)	(2,294)
Proceeds from redemption/sale of investments		2,788	5,359
Deconsolidation of consolidated entities		(13)	(2)
Deposits paid for small residential projects		(10)	(6)
Purchase of property, plant and equipment		(321)	(917)
Proceeds from disposal of asset held for sale		–	9,758
Net payment to Tokumei Kumiai investors		(1,439)	(156)
Net loans repaid		–	1,050
Interest received from loans and finance lease		7	52
Net decrease in deposits pledged as collateral		–	(1,000)
Income proceeds from investments		–	1,126
Proceeds from property rental		300	341
Net cash flows generated from investing activities		655	11,217
Cash flows from financing activities			
Proceeds from borrowings		4,910	9,397
Repayment of borrowings		(9,611)	(26,503)
Interests and other finance cost paid on borrowings		(1,295)	(1,617)
Lease principal paid		(1,795)	(1,811)
Lease interest paid		(71)	(139)
Dividends paid	12	(2,828)	(592)
Payment to non-controlling interests		–	(238)
Net cash flows used in financing activities		(10,690)	(21,503)
Net increase/(decrease) in cash and cash equivalents		11,158	(2,160)
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the period		36,732	35,477
Net increase/(decrease) in cash and cash equivalents		11,158	(2,160)
Effects of foreign exchange rate changes, net		(2,891)	(1,031)
Cash and cash equivalents at end of the period		44,999	32,286

Notes To The Condensed Interim Consolidated Financial Statements

1. Corporate information

Uni-Asia Group Limited (the “Company”) is a limited liability company incorporated in Singapore on 12 January 2017 and its shares are listed and publicly traded on the Mainboard of the Singapore Exchange.

The registered office and principal place of business of the Company is located at 30 Cecil Street #10-06/07, Prudential Tower, Singapore 049712.

The principal activities of Company and its subsidiaries (collectively, the “Group”) are finance arrangement, investment and investment management of alternative assets including shipping and real estates in Japan, Hong Kong and China.

2. Basis of preparation

These unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 have been prepared in accordance with *IAS 34 Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) and *SFRS(I) 1-34 Interim Financial Reporting* issued by the Accounting Standards Council Singapore (“ASC”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the IASB and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) issued by the ASC (collectively, the “Standards”), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in United States dollars (“USD” or “US\$”) which is the Company’s functional currency, and all values are rounded to the nearest thousand (“US\$’000”), except when otherwise indicated.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2.2. Use of judgements and estimates

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Notes To The Condensed Interim Consolidated Financial Statements

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the condensed interim financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(a) Impairment of vessels held as property, plant and equipment

The Group owns vessels held as property, plant and equipment for ship chartering business. Indicators of impairment on the vessels was assessed annually to identify whether the vessels may be impaired. The Group computed the vessels' recoverable amount using value in use and compared with its carrying amounts to identify impairment losses when indicators of impairment existed. The key assumptions used in the value in use computation comprise of daily charter rates, disposal values, operational expenses, and the discount rate.

The carrying amount of the vessels held as property, plant and equipment as at 30 June 2022 is US\$131.0 million (31 December 2021: US\$135.8 million).

(b) Fair value of unlisted shares in shipping companies

The Group invested in unlisted shares of special purpose companies that own and charter ships which were carried at fair value through profit or loss ("FVTPL"). The Group generally used external valuation reports in the fair valuation of the unlisted shares. The key assumptions used in the valuation are daily charter rates, terminal values, operational expenses, and the discount rate.

The carrying amount of the unlisted shares in shipping companies as at 30 June 2022 and 31 December 2021 and significant unobservable inputs used in fair valuation including its sensitivity analysis are disclosed in Note 16.

Notes To The Condensed Interim Consolidated Financial Statements

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

Estimates and assumptions (cont'd)

(c) Fair value of investment properties and unlisted shares in commercial office and industrial buildings and small residential property developments

The Group held commercial office buildings and small residential properties as investment properties measured at fair value. In addition, the Group invested in unlisted shares of special purpose companies that held commercial office and industrial buildings and small residential properties measured at FVTPL. The Group generally used external valuation reports and performed internal valuations in determining fair value of commercial office buildings held as investment properties and commercial office and industrial buildings held through unlisted shares. For small residential property development held through unlisted shares and held as investment properties, the Group used internal valuation in estimating the fair value of the unlisted shares and investment properties. The key assumptions used in the valuations are gross development value, development cost, rental yield, vacancy rate, gross capitalisation rates, expense ratio and discount rate, including impact arising from the COVID-19 pandemic.

The carrying amount of the investment properties and unlisted shares in commercial office and industrial buildings and small residential property developments as at 30 June 2022 and 31 December 2021 are disclosed in Note 16.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit before tax from continuing operations.

(a) *Operating segments*

At 30 June 2022, the Group is organised on a worldwide basis into six (31 December 2021: six) main reportable segments (activities):

- (i) Ship Owning and Chartering is the Group's ship owning and chartering business;
- (ii) Maritime Asset Management ("MAM") comprises of the Group's ship investment activity as a venture capital/asset management as well as finance arrangement business;
- (iii) Maritime Services is the Group's ship commercial/technical management business, as well as ship related brokerage service business;
- (iv) Property Investment (ex-Japan) includes the Group's ex-Japan property investment, venture capital/asset management and related business;
- (v) Property Investment (in-Japan) is the Group's in-Japan property investment/asset management and related business; and
- (vi) Headquarters' ("HQ") expenses.

No operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes To The Condensed Interim Consolidated Financial Statements

4. Segment information (cont'd)

(a) Operating segments (cont'd)

The segment results for the six months ended 30 June 2022 were as follows:

For the 6 months ended 30 June 2022	Shipping			Property		HQ US\$'000	Eliminations ⁽¹⁾ US\$'000	Total US\$'000
	Ship owning and chartering US\$'000	MAM US\$'000	Maritime services US\$'000	Property investment (ex-Japan) US\$'000	Property investment (in-Japan) US\$'000			
Total income								
External customers	34,602	1,486	496	127	12,029	85	–	48,825
Interest income	13	8	3	6	–	5	–	35
Inter-segment	–	133	795	–	62	–	(990)	–
	34,615	1,627	1,294	133	12,091	90	(990)	48,860
Results								
Amortisation and depreciation	(4,760)	–	(13)	–	(31)	(2)	6	(4,800)
Depreciation of right-of-use assets	(414)	–	–	–	(108)	(231)	–	(753)
Finance costs – interest expense	(1,133)	–	–	–	(38)	(33)	58	(1,146)
Finance costs – lease interest	(59)	–	–	–	(2)	(10)	–	(71)
Finance costs – others	(30)	–	–	–	(45)	(62)	–	(137)
Share of results of associates	–	–	–	–	(25)	–	–	(25)
Allocation to Tokumei Kumiai investors	–	–	–	–	(780)	–	–	(780)
Profit/(loss) before tax	17,762	866	553	(366)	1,947	(3,757)	(4)	17,001
Other segment items are as follows:								
Capital expenditure	8	–	7	–	5,225	2	–	5,242
Investment in associates	–	–	–	–	82	–	–	82

⁽¹⁾ Inter-segment transactions are eliminated on consolidation.

Notes To The Condensed Interim Consolidated Financial Statements

4. Segment information (cont'd)

(a) Operating segments (cont'd)

The segment results for the six months ended 30 June 2021 were as follows:

For the 6 months ended 30 June 2021	Shipping			Property		HQ US\$'000	Eliminations ⁽¹⁾ US\$'000	Total US\$'000
	Ship owning and chartering US\$'000	MAM US\$'000	Maritime services US\$'000	Property investment (ex-Japan) US\$'000	Property investment (in-Japan) US\$'000			
Total income								
External customers	21,882	1,697	708	132	7,148	24	–	31,591
Interest income	1	52	3	10	–	4	–	70
Inter-segment	–	187	401	–	70	–	(658)	–
	21,883	1,936	1,112	142	7,218	28	(658)	31,661
Results								
Amortisation and depreciation	(4,480)	–	(3)	–	(39)	(3)	7	(4,518)
Depreciation of right-of-use assets	(414)	–	–	–	(101)	(286)	–	(801)
Reversal of impairment of loans receivable	–	1,050	–	–	–	–	–	1,050
Finance costs – interest expense	(1,451)	(21)	–	–	(69)	(58)	112	(1,487)
Finance costs – lease interest	(130)	–	–	–	(2)	(7)	–	(139)
Finance costs – others	(51)	–	–	–	(26)	(2)	–	(79)
Share of results of associates	–	–	–	–	11	–	–	11
Allocation to Tokumei Kumiai investors	–	–	–	–	(96)	–	–	(96)
Profit/(loss) before tax	6,331	2,315	399	50	993	(2,711)	(19)	7,358
Other segment items are as follows:								
Capital expenditure	39	–	2	–	7,490	–	–	7,531
Investment in associates	–	–	–	–	32	–	–	32

⁽¹⁾ Inter-segment transactions are eliminated on consolidation.

Notes To The Condensed Interim Consolidated Financial Statements

4. Segment information (cont'd)

(a) Operating segments (cont'd)

The segment assets and liabilities as at 30 June 2022 and 31 December 2021 were as follows:

	Shipping			Property		HQ US\$'000	Eliminations ⁽¹⁾ US\$'000	Total US\$'000
	Ship owning and chartering US\$'000	MAM US\$'000	Maritime services US\$'000	Property investment (ex-Japan) US\$'000	Property investment (in-Japan) US\$'000			
As at 30 June 2022								
Segment assets:								
Total assets	156,627	2,384	2,570	30,451	30,605	8,001	(90)	230,548
Segment liabilities:								
Total liabilities	73,669	–	642	5,254	9,734	8,200	(9,652)	87,847
As at 31 December 2021								
Segment assets:								
Total assets	152,360	2,646	2,218	30,873	36,109	6,952	(422)	230,736
Segment liabilities:								
Total liabilities	85,287	–	271	5,335	12,814	4,944	(10,489)	98,162

⁽¹⁾ Inter-segment transactions are eliminated on consolidation.

Segment assets consist primarily of investment properties, properties under development, property, plant and equipment, right-of-use assets, receivables, investments, and cash and bank balances.

Segment liabilities consist primarily of borrowings, lease liabilities, payables, accruals and derivative financial instruments.

Capital expenditure represents capital additions to investment properties (Note 5), property, plant and equipment (Note 6) and properties under development.

Notes To The Condensed Interim Consolidated Financial Statements

4. Segment information (cont'd)

(b) *Geographical information*

The Group's six (31 December 2021: six) operating segments operate in three main geographical areas, even though they are managed on a worldwide basis.

Global - the Global segment represents activities with assets or customers with no fixed location, which include ship finance arrangement, investments and asset management of ships, ship owning and chartering.

Asia (ex-Japan) - the Asia (ex-Japan) segment represents activities with assets or customers located in Asia (ex-Japan), which include ship finance arrangement, investments and asset management of properties.

Japan - the Japan segment represents activities with assets or customers located in Japan, which include ship finance arrangement, investments and asset management of properties.

	The Group	
	For the 6 months ended	
	30 June 2022 US\$'000	30 June 2021 US\$'000
Total income:		
Global	36,620	23,724
Asia (ex-Japan)	200	786
Japan	12,040	7,151
	48,860	31,661

During the period, total revenue of US\$14.0 million (30 June 2021: US\$11.1 million) were with customers where transactions with each of the customer amounted to ten per cent (10%) or more of the Group's revenue.

	The Group	
	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Non-current assets:		
Global	133,907	139,324
Asia (ex-Japan)	29,568	30,062
Japan	11,674	14,401
	175,149	183,787

Income and non-current assets attributable to operating segments are based on the countries in which the customers are located. There is no sale between the geographical segments.

Notes To The Condensed Interim Consolidated Financial Statements

5. Investment properties

	The Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
Beginning of period	13,085	9,853
Additions	179	4,254
Currency translation differences	(1,852)	(1,022)
End of period	11,412	13,085

The following amounts are recognised in profit or loss:

	The Group 6 months ended 30 June	
	2022 US\$'000	2021 US\$'000
Rental income	282	198
Direct operating expenses arising from:		
- Investment properties that generated rental income	30	30

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Further particulars of the Group's investment properties as at 30 June 2022 are detailed below:

Location	Use	Tenure	Unexpired lease term
Rooms 712-715, 7/F, China Shine Plaza, 9 Lin He Xi Road, Tianhe District, Guangzhou, PRC ⁽¹⁾	Offices	Leasehold	33 years
1-7-12 Shimoochiai, Shinjuku-ku, Tokyo ⁽²⁾	Residential	Freehold	–
1-173-18, Takadanobaba Shinjuku-ku, Tokyo ⁽³⁾	Residential	Freehold	–
2-35-2 Hanegi, Setagaya-ku, Tokyo ⁽⁴⁾	Residential	Freehold	–

- (1) The Group uses management's valuation in the fair valuation of investment property. Discounted cash flow method is used which makes reference to the estimated or actual market rental values and equivalent yields.
- (2) The Group uses management's valuation in the fair valuation of the investment property. Discounted cash flow method is used which makes reference to the estimated or actual market rental values and equivalent yields. This investment property amounting to US\$4.2 million (31 December 2021: US\$5.0 million) is mortgaged to secure bank borrowing of US\$2.6 million (31 December 2021: US\$3.2 million).
- (3) The Group uses management's valuation in the fair valuation of the investment property. Discounted cash flow method is used which makes reference to the estimated or actual market rental values and equivalent yields. This investment property amounting to US\$3.5 million (31 December 2021: US\$4.2 million) is mortgaged to secure bank borrowing of US\$2.9 million (31 December 2021: US\$2.4 million).
- (4) The Group uses management's valuation in the fair valuation of the investment property. Capitalisation rate method is used which makes reference to the capitalisation rates of similar investment properties in the market. This investment property amounting to US\$1.9 million (31 December 2021: US\$2.1 million) is mortgaged to secure bank borrowing of US\$1.4 million (31 December 2021: US\$1.5 million).

Notes To The Condensed Interim Consolidated Financial Statements

6. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to US\$0.02 million (31 December 2021: acquired assets amounting to US\$1.9 million).

7. Share capital

	The Group and the Company			
	30 June 2022		31 December 2021	
	Number of shares '000	Share capital US\$'000	Number of shares '000	Share capital US\$'000
Issued and fully paid:				
Beginning of period	78,600	113,174	78,600	113,174
End of period	78,600	113,174	78,600	113,174

The Company did not hold any treasury shares nor have any outstanding convertibles as at 30 June 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

8. Borrowings

	The Group		The Company	
	30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
Non-current				
Repayable per terms of loan facilities:				
Secured	40,304	61,556	–	–
Current				
Repayable per terms of loan facilities:				
Secured	32,744	19,285	–	–
Unsecured	3,000	3,000	–	–
	35,744	22,285	–	–

The Group's borrowings are secured by means of investment properties (Note 5), property, plant and equipment, and properties under development.

Notes To The Condensed Interim Consolidated Financial Statements

9. Revenue

	The Group 6 months ended 30 June	
	2022 US\$'000	2021 US\$'000
Asset management and administration fee	1,634	1,581
Arrangement and agency fee	1,743	1,011
Brokerage commission	770	333
Incentive fee	97	–
Total fee income	4,244	2,925
Add: Non-lease component of charter hire income	10,589	9,200
Add: Sale of properties under development	9,222	5,091
Total revenue from contract with customers	24,055	17,216

10. Investment returns

	The Group 6 months ended 30 June	
	2022 US\$'000	2021 US\$'000
Realised gain on investments:		
- Shipping	103	915
- Small residential property developments	581	643
- Listed shares	–	527
Property rental income	382	328
Fair value adjustment on investments:		
- Shipping	–	151
- Commercial office/industrial buildings	(167)	(41)
- Small residential property developments	149	104
- Others	41	(122)
	1,089	2,505

Notes To The Condensed Interim Consolidated Financial Statements

11. Income tax

The Group calculates the period income tax expense using tax rates prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof, that would also be applicable to the expected total annual earnings.

	The Group 6 months ended 30 June	
	2022 US\$'000	2021 US\$'000
Current income taxation	539	322
Over provision in respect of prior years	(21)	–
Deferred income tax expense relating to origination and reversal of temporary differences	6	3
Income tax expense recognised in profit or loss	524	325

12. Dividends

	The Group and the Company 6 months ended 30 June	
	2022 US\$'000	2021 US\$'000
Paid during the interim period:		
<i>Dividends on ordinary shares:</i>		
- Final and special dividends for 2021: SG cents 5.0 per share (S\$3.9 million) (2020: final dividend of SG cents 1.0 per share (S\$0.79 million))	2,828	592
Proposed but not paid as at 30 June:		
<i>Dividends on ordinary shares:</i>		
- Interim dividend for 2022: SG cents 6.5 per share (S\$5.1 million) (2021: SG cents 2.0 per share (S\$1.57 million))	3,674	1,169

Notes To The Condensed Interim Consolidated Financial Statements

13. Profit per share

Basic and diluted profit per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the interim period.

The following table reflects the profit and share data used in computation of basic and diluted profit per share for the interim period ended 30 June:

	The Group 6 months ended 30 June	
	2022	2021
Weighted average number of ordinary shares in issue ('000)	78,600	78,600
Profit attributable to owners of the parent (US\$'000)	16,404	7,180
Profit per share (US cents per share) – basic and diluted	20.87	9.13

14. Net asset value

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Total number of ordinary shares in issue ('000)	78,600	78,600	78,600	78,600
Net asset value per ordinary share (US\$)	1.82	1.69	1.49	1.48

15. Deconsolidation of consolidated entities

During the interim period ended 30 June 2022, the Group dissolved the investment in GK Alero 43 (2021: GK Alero 33 and GK Alero 44). The consolidated entities were dormant following the disposal of their investments in small residential properties.

No gain or loss arose from the deconsolidation of consolidated entities for the current interim financial period and the corresponding interim period in 2021.

Notes To The Condensed Interim Consolidated Financial Statements

16. Assets and liabilities measured at fair value

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is depended on the valuation inputs used as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

Analysis of each class of assets and liabilities measured at fair value by level of fair value hierarchy as at the end of the reporting period was as follows:

The Group	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
As at 30 June 2022				
Recurring fair value measurements				
<i>Financial assets</i>				
<u>Fair value through profit or loss</u>				
Unlisted shares				
- Shipping	–	–	2,472	2,472
- Residential	–	–	57	57
- Commercial office/industrial buildings	–	4,338	22,383	26,721
- Small residential property developments	–	–	867	867
- Others	–	–	815	815
<u>Derivatives designated as hedges</u>				
Interest rate swaps	–	3	–	3
	–	4,341	26,594	30,935
<i>Non-financial assets</i>				
Investment properties	–	–	11,412	11,412
	–	4,341	38,006	42,347
<i>Financial liabilities</i>				
<u>Derivatives designated as hedges</u>				
Cross currency rate swaps	–	(187)	–	(187)

Investments in unlisted shares of special purpose companies that hold ships, residential projects, commercial office/industrial buildings, small residential property developments and other projects are measured at fair value through profit or loss. The fair values of these investments are assessed with reference to the fair values of the underlying assets.

Notes To The Condensed Interim Consolidated Financial Statements

16. Assets and liabilities measured at fair value (cont'd)

(a) Fair value hierarchy (cont'd)

The Group	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
As at 31 December 2021				
Recurring fair value measurements				
<i>Financial assets</i>				
<u>Fair value through profit or loss</u>				
Unlisted shares				
- Shipping	–	–	2,745	2,745
- Residential	–	–	68	68
- Commercial office/industrial buildings	–	4,365	22,523	26,888
- Small residential property developments	–	–	1,635	1,635
- Others	–	–	1,586	1,586
	–	4,365	28,557	32,922
<i>Non-financial assets</i>				
Investment properties	–	–	13,085	13,085
	–	4,365	41,642	46,007
<i>Financial liabilities</i>				
<u>Derivatives designated as hedges</u>				
Interest rate swaps	–	(271)	–	(271)
Cross currency rate swaps	–	(248)	–	(248)
	–	(519)	–	(519)

Notes To The Condensed Interim Consolidated Financial Statements

16. Assets and liabilities measured at fair value (cont'd)

(a) Fair value hierarchy (cont'd)

The movements in fair value measurements in Level 3 during the periods were as follows:

The Group	Unlisted shares US\$'000	Investment properties US\$'000	Total US\$'000
At 1 January 2021	18,733	9,853	28,586
Fair value adjustment recognised in profit or loss	814	–	814
Purchases	3,610	4,254	7,864
Disposals	(5,801)	–	(5,801)
Transfers into level 3	11,657	–	11,657
Currency translation differences	(456)	(1,022)	(1,478)
At 31 December 2021 and at 1 January 2022	28,557	13,085	41,642
Fair value adjustment recognised in profit or loss	51	–	51
Purchases	484	179	663
Disposals	(2,192)	–	(2,192)
Income proceeds from investment	88	–	88
Currency translation differences	(394)	(1,852)	(2,246)
At 30 June 2022	26,594	11,412	38,006

There was no transfer of fair value measurements between Level 1 and Level 2 during the periods.

(b) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative financial instruments

Forward currency contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Notes To The Condensed Interim Consolidated Financial Statements

16. Assets and liabilities measured at fair value (cont'd)

(c) Level 3 fair value measurements

Description of significant unobservable inputs used in Level 3 fair value measurements are as follows:

Descriptions	Note	Fair value at		Valuation techniques	Significant unobservable inputs	Range	
		30 June 2022 US\$'000	31 December 2021 US\$'000			30 June 2022	31 December 2021
Commercial office/industrial building:							
- Unlisted shares	(i)	12,586	12,664	Income approach	Gross development value per square foot	HK\$14,000 – HK\$16,000	HK\$14,000 – HK\$16,000
					Discount rate	5.0%	5.0%
		9,797	9,859	Market comparable approach	Development cost per square foot	HK\$1,400 – HK\$2,100	HK\$1,400 – HK\$2,100
					Adjustments on market transaction price based on valuer's assumption ¹	5.0 – 20.0%	5.0 – 20.0%
- Investment properties		1,755	–	Income approach	Long term sustainable growth rate	1%	–
					Capitalisation rate	3.33% – 3.34%	–
		–	1,843	Market comparable approach	Adjustments on market transaction price based on valuer's assumption ¹	–	5.0 – 20.0%
Shipping:							
- Unlisted shares	(ii)	2,384	2,641	Income approach	Daily charter rate	US\$11,000 – US\$30,000	US\$11,000 – US\$21,000
					Terminal value	US\$Nil	US\$Nil
					Discount rate	6.7% – 7.4%	6.7% – 7.4%
Small residential property developments:							
- Investment properties		9,657	11,242	Income approach	Properties completed:		
					Discount rate/Gross capitalisation rate	5%	5%
					Monthly rental per square meter	JPY4,000 – JPY5,000	JPY4,000 – JPY5,000
				Income approach	Properties under construction:		
					Gross development value per square meter	JPY1.2 million	–
					Development cost per square meter	JPY0.4 million	–
Discount rate	5%	–					

¹ the adjustments are made for any difference in the nature, location or condition of the specific property

Notes To The Condensed Interim Consolidated Financial Statements

16. Assets and liabilities measured at fair value (cont'd)

(c) Level 3 fair value measurements (cont'd)

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same unless stated otherwise.

Note	Descriptions	Significant unobservable inputs	Percentage change	Impact of percentage change in inputs on profit before tax	
				30 June 2022 US\$'000	31 December 2021 US\$'000
Commercial office/industrial building:					
(i)	- Unlisted shares	Gross development value per square foot	(15%)	(3,089)	(3,070)
		Discount rate	(2%)	111	136
		Development cost per square foot	(5%)	191	191
		Adjustments on market transaction price based on valuer's assumption	(20%)	(3,167)	(3,190)
Shipping:					
(ii)	- Unlisted shares	Daily charter rate	5%	1,226	1,408
		Selling price at end of lease term ¹	15%	–	–
		Discount rate	1%	– ²	(157)

¹ There are no negative effect as the investments with this input are already nil balance.

² Amount less than US\$1,000

(d) Valuation policies and procedures

Management oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For valuation performed by external valuation experts, management reviews the appropriateness of the valuation methodologies and assumptions adopted as well as evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources or internal sources if necessary and appropriate.

Management documents and reports its analysis and results of the external valuations to the Board of Directors on a periodic basis.

Notes To The Condensed Interim Consolidated Financial Statements

16. Assets and liabilities measured at fair value (cont'd)

- (e) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Accounts receivable, amounts due from subsidiary, other receivables, cash and bank balances, borrowings, due to Tokumei Kumiai investors, accounts payable, amounts due to subsidiary, other payables and accruals.

The carrying amounts of these financial assets and liabilities other than borrowings at fixed rate are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of borrowings at fixed rate are reasonable approximation of fair values, either due to their short-term nature or that they are fixed rate instruments, which the fixed interest rate are reasonable approximation of market floating rates on or near the end of the reporting period.

17. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the consolidated financial statements of the Group was as follows:

	The Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
Capital commitments in respect of:		
Investment properties under construction	477	756
Properties under development	2,118	426

Notes To The Condensed Interim Consolidated Financial Statements

18. Related party transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties in the normal course of business:

	The Group					
	For the 6 months ended June					
	2022			2021		
Associates US\$'000	Investee companies US\$'000	Other related companies US\$'000	Associates US\$'000	Investee companies US\$'000	Other related companies US\$'000	
Consolidated income statement						
Fee income:						
Asset management and administration fee	–	1,240	–	67	1,182	–
Arrangement and agency fee	–	453	1,111	–	794	142
Brokerage commission	–	255	–	–	209	–
Incentive fee	–	97	–	–	–	–
Investment returns:						
Realised gain on investments - Shipping	–	103	–	–	915	–
Property rental income	–	–	81	–	117	–
Interest income	–	7	–	–	55	–

	The Group					
	As at 30 June 2022			As at 31 December 2021		
	Associates US\$'000	Investee companies US\$'000	Other related companies US\$'000	Associates US\$'000	Investee companies US\$'000	Other related companies US\$'000
Consolidated balance sheets						
Current						
Accounts receivable	–	234	3	–	241	8
Accounts payable	–	5	–	–	–	–
Other payable	–	–	–	–	–	20

Other related companies refer to shareholders of the Group, who fit the definition of related parties and entities invested by an investee company.

19. Events occurring after the reporting period

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

Appendix 7.2 – 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.

Appendix 7.2 – 3

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

Not applicable.

Appendix 7.2 – 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 Consolidated Profit or Loss Statement

Total Income

Total income of the Group was US\$48.9 million for the interim period ended 30 June 2022 ("1H2022"), a 54% increase from US\$31.7 million for the 6 months ended 30 June 2021 ("1H2021"). Changes in major components of total income, including charter income, fee income, sale of properties under development, investment returns and other income are explained below.

(i) Charter Income

Charter income increased by 70% from US\$20.0 million in 1H2021 to US\$34.0 million in 1H2022.

Dry bulk market remained strong in 1H2022. The average daily charter rate for the Group's 10 consolidated dry bulk carriers was US\$19,411/day for 1H2022 as compared to US\$10,864/day in 1H2021.

(ii) Fee Income

Total fee income was US\$4.2 million in 1H2022, an increase of 45% from US\$2.9 million in 1H2021. Please refer to Note 9 of Notes to the Condensed Interim Consolidated Financial Statements for breakdown of Fee Income for 1H2022 and 1H2021.

Recurring asset management and administration fee income for 1H2022 remained around the same level as that in 1H2021, with a slight increase of 3%.

Arrangement and agency fee increased in 1H2022 due to the receipt of ship-related arrangement fee from a deal closed in 1H2022 as well as increase in arrangement fees relating to assets managed in Japan.

Brokerage commission increased in 1H2022 with the increase in ship charter rates because ship brokerage commission is based on ship charter rates, as well as increase in property related brokerage deals in Japan.

(iii) Sale of properties under development

Two properties under development were sold in 1H2022 as opposed to one in 1H2021. Accordingly, the total proceeds from sale of properties under development increased by 81% from US\$5.1 million in 1H2021 to US\$9.2 million in 1H2022.

(iv) Investment Returns

Investment returns for 1H2022 was a gain of US\$1.1 million compared to US\$2.5 million for 1H2021. Please refer to Note 10 of Notes to the Condensed Interim Consolidated Financial Statements for breakdown of Investment Returns for 1H2022 and 1H2021.

In 1H2022, realised gain from sale of small residential property development projects was US\$0.6 million while realised gain from ship investments was US\$0.1 million.

Property rental income was US\$0.4 million for 1H2022 compared to US\$0.3 million for 1H2021.

Total net fair valuation gain from the Group's shipping, property and other investments were US\$0.1 million for 1H2022.

(v) Other Income

In the absence of various one-off miscellaneous receipts in 1H2022, other income reduced by 78% from US\$1.1 million in 1H2021 to US\$0.2 million in 1H2022.

Total Operating Expenses

Employee benefits expenses increased by 31% from US\$4.2 million in 1H2021 to US\$5.5 million in 1H2022 due to accrual of variable component associated with performance of the Group. Amortisation and depreciation remained fairly stable at US\$4.8 million in 1H2022 compared to US\$4.5 million in 1H2021. Vessel operating expenses increased by 14% from US\$9.4 million in 1H2021 to US\$10.7 million in 1H2022 mainly due to increase in various vessel operating expenses including increase in crew costs as a result of global inflationary trend as well as factors caused by various disruptions due to the COVID-19 pandemic. Costs of properties under development sold were US\$7.5 million in 1H2022 compared to US\$4.5 million in 1H2021 as there were two properties under development sold in 1H2022 as compared to one in 1H2021.

Net foreign exchange gain of US\$1.5 million was due to unrealised translation gain from unhedged portion of Japanese Yen loans arising from weakening of Japanese Yen against US Dollars in 1H2022.

Net operating expenses was US\$29.7 million in 1H2022 as compared to US\$22.5 million in 1H2021, an increase of 32%.

Operating Profit

The Group recorded an operating profit of US\$19.2 million for 1H2022 compared to US\$9.1 million for 1H2021, an increase of 109%.

Finance Costs and Other Costs

Interest on borrowings was US\$1.1 million for 1H2022, a 23% decrease from US\$1.5 million in 1H2021 following decrease in total borrowings of the Group.

Net Profit After Tax

With a strong shipping market, the Group recorded the highest half-year net profit after tax of US\$16.5 million in 1H2022, an increase of 134% from 1H2021's net profit after tax of US\$7.0 million.

Review of Statement of Financial Positions

Non-current assets

The Group's non-current assets decreased by US\$8.6 million from US\$183.7 million on 31 December 2021 to US\$175.1 million on 30 June 2022. Material variances are as follows:

- 1) Decrease in investment properties by US\$1.7 million mainly due to weakened JPY/USD exchange rate resulting in smaller USD amount when translating Japan investment properties (please refer to Note 5 of Notes to the Condensed Interim Consolidated Financial Statements for details);
- 2) Decrease in investments of US\$1.6 million mainly due to disposals of investments in Japan property investments (please refer to Note 16 of Notes to the Condensed Interim Consolidated Financial Statements for details); and
- 3) Decrease in property, plant and equipment of US\$4.9 million and decrease in right-of-use assets of US\$0.5 million mainly due to depreciation.

Current assets

The Group's current assets increased by US\$8.5 million from US\$46.9 million on 31 December 2021 to US\$55.4 million on 30 June 2022. Material variances are as follows:

- 1) Decrease in properties under development of US\$2.7 million from US\$4.2 million on 31 December 2021 to US\$1.5 million on 30 June 2022 due to disposal of the Group's ALERO develop-for-sale projects upon development completion;
- 2) Increase in prepayments, deposits and other receivables from US\$3.8 million on 31 December 2021 to US\$7.0 million on 30 June 2022 mainly due to prepayments/other receivables made by ship-owning subsidiaries for ship-related expenditures; and
- 3) Increase in cash and bank balances by US\$8.3 million. Please see the following review of statement of cash flows for further information.

Total liabilities

Total liabilities decreased by US\$10.4 million from US\$98.2 million on 31 December 2021 to US\$87.8 million on 30 June 2022. Material variances are as follows:

- 1) Decrease in total borrowings (including both current and non-current) of the Group by US\$7.8 million mainly due to scheduled repayment of long-term borrowings; and
- 2) Decrease in total lease liabilities (including both current and non-current) of the Group by US\$1.6 million due to scheduled lease payments of lease liabilities.

Review of Statement of Cash Flows

The Group's cash and bank balances increased by US\$8.3 million in 1H2022 after the effects of foreign exchange rate changes. Material items are listed below.

- [A] US\$21.2 million was generated from operating activities in 1H2022, an increase of US\$13.1 million from US\$8.1 million in 1H2021. The increase was mainly due to contributions from:
- (i) charter income;
 - (ii) sale of properties under development; and
 - (iii) fee income from ship finance arrangement deal closed and Japan property-related fee-based services.

- [B] Cash flows generated from investing activities were US\$0.7 million for 1H2022.

Main cash inflows from investing activities are from proceeds from redemption/sale of investments of US\$2.8 million, of which US\$2.4 million pertained to small residential property projects (ALERO projects) and US\$0.4 million pertained to proceeds from joint-investment ship investments.

Main cash outflows from investing activities include:

- i) Property related investments in Japan of US\$0.5 million; and
- ii) Net payment to Tokumei Kumiai investors of US\$1.4 million for their proportionate share of realised gain from ALERO projects which they co-invest.

[C] Cash flows used in financing activities were US\$10.7 million in 1H2022.

Main cash outflows from financing activities include:

- i) repayments of borrowings of US\$9.6 million offset by proceeds from borrowings of US\$4.9 million;
- ii) interest and other finance cost paid of US\$1.3 million;
- iii) fixed lease payments classified as lease principal paid (amounting to US\$1.8 million) and lease interest paid (amounting to US\$0.1 million); and
- iv) final and special dividend of US\$2.8 million for FY2021 approved in AGM was paid in 1H2022.

Appendix 7.2 – 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.

Appendix 7.2 – 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

The strong dry bulk market which started in 2021 extended into 2022, with dry bulk time charter rate performing well above historical averages. However, the Baltic Handysize Index (“BHSI”), which tracks the performance of small handysize dry bulk market, started declining since mid-May 2022. Global recessionary pressure and Russia-Ukraine war continued to weigh on demand concerns. On the positive side, the disruptions to traditional trade patterns as a result of the Russia-Ukraine war had also created new tonne-mile demands, such as longer-haul EU coal imports as well as some Atlantic Russian exports moving eastwards. In addition, port congestion continues to provide market support.

Meanwhile, the healthy dry bulk rates had not led to an exponential increase in the orderbooks of dry bulk new buildings. There are several reasons for this. The current shipyards’ orderbooks are taken up mainly by containerships fuelled by the boom in container market. In addition, while the shipping community is making efforts to reduce shipping’s carbon footprint, there is still uncertainty on the most commercially feasible technology to achieve decarbonisation. With a lead time of 2 to 3 years from order to delivery, many dry bulk ship owners are hesitant to place new orders. As such, the orderbook in the bulk ship sector now stands at around just 7.2% of fleet capacity, a 30-year low (as per the *Dry Bulk Trade Outlook for July 2022*), so dry bulk supply is expected to be low in the coming years.

The current healthy dry bulk market is favourable to the Group. However, 4 of the Group’s 10 wholly-owned dry bulk carriers are scheduled for dry-docking in 2H2022, with a total of around 110 off-hire days being budgeted. As such, the total charter income for 2H2022 may be lower than that of 1H2022 should 2H2022’s charter rates remain at the same level as that for 1H2022. Continued weakening of the small handysize dry bulk market as reflected in the decline of BHSI in 2H2022 may also impact the Group’s total charter income for the rest of the year.

Hong Kong Property

Hong Kong commercial office/industrial property market remained sluggish due to the COVID-19 pandemic. Many sellers and buyers are cautious about entering into transactions during this period of uncertainties, and current transactional figures may not reflect the true market appetite for Hong Kong commercial office/industrial properties. The market may be more active after the border controls are relaxed.

Japan Property

While the Bank of Japan (“BOJ”) projected that Japan’s inflation would exceed BOJ’s target in 2022, BOJ would continue to maintain ultra-low interest rates and signalled its resolve to remain an outlier in a wave of global central banks’ policy tightening. As a result, Japanese yen continues to weaken against the US

dollars. These factors contributed to more foreign investors looking for good investment opportunities in Japan, including Japan's property market. The Group's small residential property projects – "ALERO" series business segment, as well as the Group's other property businesses in Japan including property asset management business would benefit from a more buoyant Japan property market and a low interest rate environment in Japan.

Interim Dividend

As a result of the good performance of the Group for 1H2022, the Board is pleased to declare an interim dividend of **S\$0.065 per share** payable on 30 September 2022.

Appendix 7.2 – 11

Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim tax exempt (one-tier)
Dividend Type	Cash
Dividend Per Share	6.5 Singapore cent per ordinary share
Total Dividend	S\$5,108,999.16

(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.

30 September 2022

(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.

Up to 5.00 p.m. on 21 September 2022

Appendix 7.2 – 12

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

Not applicable.

Appendix 7.2 – 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)	2,220.3

Appendix 7.2 – 15

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.

ANNOUNCEMENT PURSUANT TO RULE 706A OF THE LISTING MANUAL

The Company wishes to announce that there were no acquisitions or sales of shares during the financial period from 1 January 2022 to 30 June 2022 which are required to be announced pursuant to Rule 706A of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the interim financial statements for the half-year ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors



Michio Tanamoto
Executive Chairman



Kenji Fukuyado
Chief Executive Officer

Date: 12 August 2022