

Issuer: Uni-Asia Holdings Limited

Security: Uni-Asia Holdings Limited

Meeting details:

Date: 28 April 2017

Time: 14:00H

Venue: Shenton Room, Lower Level, M Hotel Singapore, 81 Anson Road Singapore 079908

Company Description

Uni-Asia Holdings Limited, together with its subsidiaries, operates as an alternative investment company in Japan, China, and Hong Kong. It engages in the investment and asset management of ships and properties; and provision of structured ship finance, including conventional vessel mortgage loans, and balance sheet management by sale and lease back arrangement, as well as tax oriented structured products, such as Japanese operating lease. The company also owns and charters ships; and offers integrated ship investment related services consisting of commercial and technical management of vessels. In addition, it provides asset management services for a portfolio of residential properties, such as large and medium-sized high-quality properties, as well as small-sized stylish designer apartment properties; and invests a small portion of equity in private property funds. Further, the company offers various property investment related services comprising investment advisory, solutions for property investment funds, small residential property development project advisory and management, brokerage services to bridge property owners and investors, and finance arrangement services. Additionally, it operates nine hotels under the Hotel Vista brand name and one hotel under the JAL City Naha brand name, as well as licenses Hotel Vista brand name. The company was formerly known as Uni-Asia Finance Corporation and changed its name to Uni-Asia Holdings Limited in April 2013. Uni-Asia Holdings Limited was founded in 1997 and is based in North Point, Hong Kong.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AYF)

Q1. The group has been successful in expanding its hotel operating business with the opening of the 10th hotel in Sendai in April 2016, and with four openings expected in 2018. In the Chairman’s Statement (page 4 of the annual report), it was said that with the 4 additions, the group will be “operating 16 hotels with around 2,650 rooms, closing in on the Group’s mid-term target of 3,000 rooms under operation”.

- a) **What is the group’s longer term target for the hotel operating business? With the mid-term target now within reach, can management share their plans to bring the hotel operating business to the next growth stage?**
- b) The hotel segment generated US\$42 million in revenue and US\$1.0 million in segment profit before tax. **Can shareholders understand if the profitability was affected by the start-up costs of the hotel in Sendai and the additional expenses due to the 4 new hotels under construction? What are management profitability targets for a mature hotel asset?**
- c) The group has provided information on the hotels and the number of rooms on pages 25 to 27. **How many of these are owned and how many are operated under management contract?** The total assets in the hotel operations segment amounted to just US\$10.6 million.

Q2. As noted in the Chairman’s message (page 4), the group’s shipping portfolio currently comprises 24 ships, of which 9 small handysize dry bulk carriers are held by Uni-Asia Shipping Limited (“Uni-Asia Shipping”), 1 wholly-owned dry bulk carrier, 1 wholly-owned containership, and 13 ships under joint-investments (comprising 1 product tanker, 3 containerships and 9 dry bulk carriers).

About 70% of the group’s total assets are allocated to maritime investments but, in view of the depressed charter rates, the group derived only 40% of its revenue from charters.

- a) **For better clarity to the group’s exposure and risk in the group’s shipping business, can management provide information about the charterers, the charter rates and the lease maturity?**

The group has also provided US\$3.5 million in onerous contract related to a vessel charter agreement. This also described as an “onerous contract of a ship sale and leaseback contract” (page 11).

- b) **Can management provide more clarity into the ship sale and leaseback contract? Is this related to the sale of vessel by Karat Bulkship S.A. in January 2016? How many other vessels does the group operate under a sale and leaseback model?**

Under the joint investment companies, the group is to take ownership of four additional Bulklers in 2018-2019.

- c) **Has management secured commitment for these bulkships?**

Q3. For the group’s property business in Japan, the group invests and develops small residential property projects in Tokyo, named “ALERO” Series, with the exit strategy being either selling the property en bloc or leasing out for rental income (page 22).

- a) **Is the group focusing on just investment and development in Tokyo?**
- b) **Has management evaluated other cities and found them to be less attractive compared to Tokyo?**

For the later projects (since project #16 in Takadanobaba), the group has kept them as investment properties for leasing.

- c) **Can shareholders understand if there has been a shift in the strategy of the group in the past year?**
- d) **What is the occupancy rate for the Takadanobaba Project and the Otowa Project?** These two projects have been completed for about nine months.