



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

**ANNUAL GENERAL MEETING ON 28 APRIL 2023
SHAREHOLDERS' KEY QUESTIONS AND ANSWERS**

The Board of Directors of Uni-Asia Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to thank shareholders for submitting their questions in advance of the Annual General Meeting (“**AGM**”) to be held on 28 April 2023 at 2.00 p.m. at Anson III, Level 2, M Hotel Singapore, 81 Anson Road, Singapore 079908.

The Company wishes to inform shareholders that it has received questions from shareholders which are overlapping and/or similar in nature. Accordingly, the Company has consolidated such questions and have made editorial amendments to some of the questions to ensure that they are clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions received by the Company.

1. The cost base (i.e. revenue minus net profit) of the ship owning and chartering business subsegment appears to have increased significantly from 1H2022 (US\$16.9m) to 2H2022 (US\$20.2m). Can you please explain the cause of this?

Revenue:

As mentioned in the Group’s FY2022 Presentation Slides (“FY2022 Slides”) page 26 announced on 1 March 2023, the shipping market softened in the second half of 2022. As a result, ships which charters were due for fixing in 2H2022 were fixed at a lower time charter rates than those fixed in 1H2022 and 2H2021.

In addition, as mentioned in the Group’s 1H2022 Presentation Slides (“1H2022 Slides”) page 29 announced on 12 August 2022, 4 of the Group’s 10 wholly-owned dry bulk carriers were scheduled for dry-docking in 2H2022. The resultant off-hire days caused the total charter revenue of 2H2022 to be lower than that of 1H2022.

Costs:

- 1) Some of the one-off dry-docking expenses as mentioned above were booked in the expense of 2H2022.
- 2) Operating expenses including (i) crew change costs (mainly associated with Chinese crew’s COVID-19 related costs when changing Chinese crew, such as testing and quarantine due to China’s lock-down), (ii) bunker expenses, (iii) lubricant oil increased in 2H2022 in part due to timing factors (crew change taking place in 2H2022), of which some of the expenses were one-off, as well (iv) general global inflationary factors.

2. What is the cause of the higher "HQ net loss" of US\$6.2m in 2022 versus previous years?

The increase was mainly due to accrual of corporate personnel's (including management) variable performance bonus component associated with performance of the Group which were not allocated to any specific business segments.

3. Given the fall in the Baltic Handysize Index thus far in 2023 the higher cost base seen in 2022 does not seem sustainable. What concrete steps is management taking to reduce costs in absolute terms for 2023?

Certain one-off expense items impacting FY2022 performance are not expected to impact FY2023 results. For example, China has lifted most of the COVID-19 restrictions so the extra costs for COVID-19 related testing, quarantine etc would be significantly reduced for crew changes in FY2023 and beyond.

The Group has always exercise prudent and tight control of costs including but not limited to ship operating expenses. At the same time, the Group is also conscious of the trade-off between cost control and quality/safety, especially in view of global inflationary pressures.

While the Group is of mindful cost control, a more sustainable way of increasing profitability would be to increase sources of income. In this regard, the Group is working on increasing its revenue source, including from arrangement fees, as well as property business in Japan.

4. What is the Group's expected revenue and operation income in 2023?

The Group does not provide performance projection nor forecast.

5. Please advise the full details of current charter hire terms of the 10 wholly-owned vessels including charter hire rate and charter renewal period?

The Group does not provide full details of charter information because doing so will jeopardise the competitiveness of the Group's ship owning and chartering business. Relevant charter information that the Group can disclose are listed on pages 28 and 29 of FY2022 Slides.

6. Does the Group has any plan to acquire new or second hand ships to further strengthen the shipping business?

The Group is always exploring opportunities that fit the Group's risk/reward targets including, but not limited to, ship investments.

7. Does the Group has any plan shipping experts to the independent board of directors?

Our Board and Nominating Committee recognise the importance of an appropriate balance and diversity of industry knowledge, skills, backgrounds, experience and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix regularly. We are committed to ensuring that each Board Committee, each Board member as well as the collective Board plays

his/her respective role in contributing to, inter-alia, the long-term development of our Group's strategic plans and key operating initiatives through a diversity of experience and expertise that allows for useful exchange of ideas and views.

We have, on the one hand, a dedicated Executive Board and Management team comprising individuals with strong expertise and experience in the shipping and/or property sector; and on the other hand, qualified Independent Directors who contribute their knowledge and skillsets to add to the diversity of thought in the decision making process, in addition to constructively challenging management as well as helping to develop proposals on strategy.

We would add that pursuant to SGX Rule 710A which came into force in 2022, we have adopted a Board Diversity Policy. A description of our Board Diversity Policy has been set out in our Corporate Governance Report headed "Board Composition" found at pages 49 to 50 of our Annual Report 2022. This includes:

- (i) the recitation of the aim under our Board Diversity Policy of having a Board characterised by a broad range of views arising from different professional experiences, skills, knowledge, gender, nationality, cultural and educational background;
- (ii) a narration of the measurable targets set under our Board Diversity Policy to achieve diversity on our Board;
- (iii) an elaboration of the skillsets, core competencies and gender representation found in our Board members which reflects our commitment to and demonstrates the achievement of the targets set under our Board Diversity Policy;
- (iv) the view of our Nominating Committee, having considered the combination of diversity targets under our Board Diversity Policy, that the objectives of our Board Diversity Policy continue to be met; and
- (v) the Board's concurring view that the present size and composition of the Board encompass the right mix of skills, experience, gender and age diversity to provide the necessary competencies for effective decision-making given the current nature and scope of our operations.

However, the Nominating Committee and the Board recognise that skill-set and core competencies required of the Board may change over time as the business of the Group develops. We will continuously assess the collective character of our Board and our skills matrix to evaluate the propriety or benefit of having more directors with a wide spectrum of experience and expertise including shipping, property and/or other requisite expertise. Any progress made towards our Board Diversity Policy will be disclosed in our future Corporate Governance Report, as appropriate.

8. Does the Group intend to maintain with the same pay-out ratio in future in accordance with the dividend policy announced 8 Apr 2019?

The Group's announcement made on 8 April 2019 (the "2019 Announcement") stated, amongst other important qualifications, that it was a guidance solely for dividend in FY2019 and FY2020. No inference should be drawn from the 2019 Announcement, or for the matter the Directors' dividend recommendation for FY 2022, regarding actual future profitability, ability to pay dividends and/or dividend pay-out ratio.

The Board makes dividend recommendations after taking into account macro and micro environmental factors, availability of earnings, the Group's financial position, various sector risks and potential outlook. The Board aims to fairly reward our shareholders subject to relevant commercial and reinvestment necessities and considerations, and balancing that with the Group's funding needs for expansion plans and readiness to capitalise on available opportunities.

Against these factors, with FY2022 net profits at a record US\$27.9 million, the Board has recommended a final dividend of S\$0.03 per share and a special dividend of S\$0.05 per share, totalling S\$0.08 per share to be paid on 31 May 2023 should the dividends recommended be approved in the upcoming Annual General Meeting. Together with the S\$0.065 per share interim dividend paid in September 2022, the total dividend for FY2022 would be a record S\$0.145 per share.

9. Does the Group has any plans to boost its share price?

The Board and the Management team continuously deliberate and brainstorm on strategies and execution with a view to better realisation of potential for creating shareholder value.

We believe in working hard and innovatively to improve the Group's profitability. As a rule, the Group does not adopt short-term plans/activities aimed solely at boosting share price unless such plans/activities meet our middle to longer-term capital allocation needs, are anchored on our core value of hard work and innovation to derive sustainable returns for our stakeholders, and comply fully with legislative requirements and prevailing laws (including but not limited to the Securities and Futures Act 2001 which regulates and prohibits certain market conduct).

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