UNI-ASIA GROUP LIMITED
Company Registration No: 201701284Z
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PRESS RELEASE -- FOR IMMEDIATE RELEASE

Uni-Asia Reports Strong 1H2022 Net Profit of US$16.5 Million Declares Highest Interim Dividend Since Inception

- **Charter income soared by 70% to US$34.0 million in 1H2022 due to robust dry bulk market**
- **The Group recorded highest 1H2022 net profit of US$16.5 million, a 134% increase from 1H2021**
- **Declared an interim dividend of S$0.065 per share, a 225% increase from 1H2021. Equivalent to a dividend yield of 6.25% (based on the closing share price as on 30 June 2022[1])**

Singapore, 12 August 2022 – Uni-Asia Group Limited ("**Uni-Asia**" or the "**Group**"), an alternative investment company, asset manager and integrated service provider of vessels and properties, announced its financial results for the six months ended 30 June 2022 ("**1H2022**").

Robust Financial Performance

Income Statements Highlights	1H2022	1H2021	Change
	US$'000	US$'000	%
Total Income	48,860	31,661	*54*
Total Operating Expenses	(29,700)	(22,513)	*32*
Operating Profit	19,160	9,148	*109*
Profit After Tax	16,477	7,033	*134*
Basic Earnings Per Share (US cents)	20.87	9.13	*129*

Amidst the volatile macroeconomic environment, Uni-Asia is delighted to deliver record first half year results. Propelled by the upcycle momentum in shipping market, the Group achieved a net profit of US$16.5 million, a 134% increase from the US$7.0 million net profit in 1H2021. Meanwhile, the Group's balance sheet continued to strengthen, with total borrowings at US$76.0 million on 30 June 2022, down

[1] *The closing share price as on 30 June 2022 was S$1.04.*

from US$83.8 million on 31 December 2021. Cash and bank balances remained strong at US$45.0 million, enabling the Group to explore new growth opportunities.

Following strong financial performance and to reward shareholders for their continued support, the Group is declaring an interim dividend of S$0.065 per share for 1H2022, a 225% year-on-year ("**yoy**") increase from S$0.02 per share for 1H2021. This is in line with the Group's commitment to maximising shareholders' value. The dividend is to be paid on 30 September 2022.

FINANCIAL REVIEW

Total income increased by 54% to US$48.9 million from US$31.7 million in 1H2021, driven by improved charter income, fee income and the sale of two properties under development.

Revenue	1H2022 US$'000	1H2021 US$'000	Change %
Charter Income	34,036	19,998	*70*
Fee Income	4,244	2,925	*45*
Sale of Properties under Development	9,222	5,091	*81*
Investment Returns	1,089	2,505	*(57)*
Interest Income	35	70	*(50)*
Other Income	234	1,072	*(78)*
Total Income	**48,860**	**31,661**	*54*

(i) Charter Income

Riding on the upward trajectory of the dry bulk market, the Group recorded US$34.0 million in charter income, up 70% from US$20.0 million in 1H2021. The Baltic Handysize Index ("BHSI") continues its growth momentum and averaged at 1,432 for 1H2022, compared to 1,084 for 1H2021. The average daily charter rate for the Group's 10 consolidated dry bulk carriers was US$19,411 for 1H2022, significantly higher than US$10,864 in 1H2021.

(ii) Fee Income

Total fee income increased by 45% yoy to US$4.2 million in 1H2022. Recurring asset management fee increased slightly by 3%. Arrangement and agency fee increased following the receipt of ship-related arrangement fee from a deal closed in 1H2022 and arrangement fee increments relating to assets managed in Japan. Brokerage commission increased as well, driven by the increase in ship brokerage commissions linked to charter rates and the increase in property related brokerage deals in Japan.

(iii) Sale of properties under development

The Group recorded US$9.2 million following the sale of two properties under development, an 81% yoy increase in total proceeds.

(iv) Investment Returns

Investment returns was a gain of US$1.1 million for 1H2022. Realised gains include US$0.6 million from small residential property development projects and US$0.1 million from ship investments. Property rental income was US$0.4 million for 1H2022. Total net fair valuation gain from the Group's shipping, property and other investments were US$0.1 million for 1H2022.

Total Operating Expenses

Net operating expenses increased by 32% to US$29.7 million in 1H2022, compared to US$22.5 million in 1H2021.

Employee benefits expenses increased 31% yoy to US$5.5 million in 1H2022 due to the accrual of variable component associated with the Group's performance. Amortisation and depreciation remained stable at US$4.8 million in 1H2022, compared to US$4.5 million in 1H2021. Vessel operating expenses increased 14% yoy to US$10.7 million in 1H2022 because of increases in various vessel operating expenses, including higher crew costs due to global inflation as well as factors caused by various disruptions due to the COVID-19 pandemic. The cost of properties under development sold increased to US$7.5 million as the Group sold one more property in 1H2022 when compared to 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 Profit After Tax

Operating profit was US$19.2 million for 1H2022, up from US$9.1 million in 1H2021. Interest on borrowings decreased 23% to US$1.1 million for 1H2022 following the Group's strategy of lowering borrowings.

The Group recorded the highest half-year net profit after tax of US$16.5 million for 1H2022, an 134% increase from US$7.0 million for 1H2021.

BUSINESS OUTLOOK

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.

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