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

ANNUAL GENERAL MEETING ON 29 APRIL 2022
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 (received before 16 April 2022) of the Annual General Meeting ("**AGM**") to be held by electronic means on 29 April 2022 at 2.00 p.m.

The Company wishes to inform shareholders that it has received questions from shareholders, including a statement from certain shareholders containing questions which is reproduced in full in Appendix 1. As certain of the questions received are overlapping and/or similar in nature, the Company has consolidated 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. The following are responses to the substantial and relevant questions raised by shareholders:

1. What is the current charter status of the 8 partially owned dry bulk vessels under Maritime Asset Management, Octbreeze Island in particular?

Uni-Asia's Replies:

The Group's 8 partially owned dry bulk vessels are chartered out with charter expiry periods ranging from less than 1 year to less than 3 years.

2. For Uni-Asia's investments in HK property, in the event of losses from these projects, are losses limited to the amount invested by the company or are there parent company guarantees for debt incurred by these investment vehicles? (for example, can losses exceed HKD 33m for the 8th HK Property Project?)

Uni-Asia's Replies:

Yes, the Group's loss exposure is only limited to the amount invested as there are no guarantee provided.

Questions related to Resolution 1

Resolution 1: To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended December 31, 2021 together with the Auditors' Report thereon.

Q1. We refer to Note 11 "Asset held for Sale" of the Financial Statements (Annual Report 2021, pg 129). We are of the opinion that the containerships disposal was done prematurely. Therefore, we have the following clarification questions:

- Why did the Management/Board continue to sell our containerships when the container freight rates were already on an uptrend since early 4Q2020?

- What were the contract dates, delivery dates and prices sold respectively for the disposed containerships? What were transacted prices for comparable ships at the end of 2021?

- What were the day-rates of the comparable containerships when our containerships were sold? What were the day-rates for comparable containerships at the end of 2021?

- What relevant experience in the shipping industry did the Independent Directors have to make informed decisions on these disposals?

- How can the Nominating Committee broaden the expertise of the Board to include shipping industry professionals from outside Uni-Asia?

Uni-Asia's Replies:

Disposal of our containerships

It is never easy to give up on any business that we have painstakingly built up. Not with our hotel investment, nor with our containership investments. This Board takes very seriously its fiduciary duties under Singapore law to act in good faith and with reasonable care and diligence, in the best interests of the Company when making any decision.

If shareholders have followed our result announcements closely, shareholders would have known that even as far back as 2018, this Board had guided on the combined impact of tariff, Brexit, financial instability, weaker German growth and the legacy of oversupply that adversely impacted, amongst others, containership freight and charter. All through 2019, we updated shareholders on the lacklustre containership performance, the on-going US-Sino trade war, the deteriorating supply demand container sector and even the age and size of our containerships which exacerbated the challenges facing our containership portfolio, not to mention the impairment and fair valuation losses for our containership investments that we announced.

The Board performed an acute balancing of priorities against the circumstances and all the factors then prevailing. The containership divestment was a critical part of our overall effort to restructure our ship investment portfolio with a view to more efficient allocation of our resources to investments where we have more confidence in achieving stronger better performance, i.e. our bulk carriers. We take pride that our resultant focus on dry bulk carriers has proven to be a rewarding decision, allowing the Group to achieve the highest profit in the history of the Group in FY2021, enabling us to reward our shareholders with the highest dividend per share in the last 10 years.

The Board regards the specific definitive transaction details to the sale of the containerships to be information which are commercially sensitive and confidential. While information of such nature would have been considered in the usual course of the Company's commercial decisions to proceed with its transactions, the public disclosure of the same would not be in the interests of the Group, as it may detriment the Group's ability to negotiate effectively in other transactions. For these reasons, the Board regards the disclosure of such information to be in the nature of confidential trade secrets and operations, which are not required for disclosure under the SGX listing rules as well as under Article 153 of the Company's Constitution.

Our Independent Directors

The prevailing SGX listing rules and provisions of the Code of Corporate Governance 2018 (the "Code") prescribe not just the criteria for the appointment of and the scope of duties of an Independent Non-Executive Director (INED) but also the collective character of the Board in terms of appropriate balance and diversity of industry, knowledge, experience, skills, background and professional qualifications. In compliance with the Code provisions, two of our INEDs (including our Audit Committee Chairman) have recent and relevant accounting or related financial management experience while the third is in the legal profession.

Our Nominating Committee reviews our Board composition annually. We are committed to ensuring that each Board Committee, each Board member as well as the collective Board plays its 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.

Our current Executive Board and Management team comprised individuals with strong expertise and experience in the shipping and/or property sector. With a view to optimal utilisation of our resources, not to mention that professionals with strong shipping and/or property background tend to be either a client and/or competitor of or harbour other forms of conflict of interests with the Group, our Nominating Committee will reassess the collective character of our Board whenever necessary 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, especially given the present volatility in macro environment and industry landscape.

Q2. We refer to Note 32(b) "Compensation of key management personnel and directors" of the Financial Statements (Annual Report 2021, pg 164). The short-term benefits for key management personnel and directors almost doubled (96%) to US$4.12m in FY2021 from US$2.10m in FY2020. Therefore, we have the following clarification questions:

- Please help provide the breakdown of these short term benefits. How much of these benefits are staff performance bonus (if any) related to the record profit achieved in FY2021?

- How did the Remuneration Committee attribute the staff performance bonus (if any) to the external market conditions beyond the Company control and the management's performance respectively?

- Why did the Board recommend a higher short term benefits (US$4.12m in total, an increase of 96%) to the key management staff and directors in FY2021 and yet recommend a lower FY2021 dividend payout ratio to all shareholders (Total FY2021 dividends are only US$4.04m – Annual Report 2021, pg 138)?

Uni-Asia's Replies:

Performance bonus of Directors and Key Management Personnel ("KMP") accounted for US$2.0 million out of the short term benefits of US$4.1 million. Performance bonus is a function of a combination of factors, including but not limited to overall profitability of the Group, achievement of pre-established performance targets at individual, team and business segment levels where applicable, and personal exemplary performance.

The performance bonus of the Executive Directors and certain KMP are based on their respective service agreements. In other words, these are contractual in nature. In particular, the service agreements of the Executive Directors include a bonus sharing scheme that is pegged to the performance of the Group. The higher the profits achieved beyond the pre-established profitability target, the higher the performance bonus which the Company is contractually bound to pay. Where the pre-established profitability target of the Group is not met, the Executive Directors will not be paid any performance bonus, as was the case in numerous previous years. In FY2021, the Group recorded the highest profits ever achieved since its listing. This therefore accounts for the increase in contractual performance bonus paid to Executive Directors and KMP for FY2021 when compared with a loss-making FY2020.

On dividend recommendation, please refer to the Company's replies below.

Questions related to Resolution 2

<u>Resolution 2: To declare a final one-tier tax-exempt dividend of S$0.03 per ordinary share and a special one-tier tax exempt dividend of S$0.02 per ordinary share for the financial year ended December 31, 2021.</u>

Q1. The performance of our Company has improved significantly in FY2021. Our Net Profit After Tax jumped to US$18.0m in FY2021 from a Net Loss After Tax of US$7.5m in FY2020 and Net Profit after Tax of US$6.6m in FY2019 (pre-COVID). In fact, the FY2021 profit was the highest profit ever achieved by our Company. Instead of paying out a higher dividend in proportion to all time high FY2021 profit, the Board proposed (in our opinion) a relatively low S$0.07 per share in dividends (interim, final and special). The overall payout ratio dropped from a high 37% in FY2019 to a low 22% in FY2021 when our Company was doing even better in FY2021 than FY2019. Therefore, we have the following clarification questions:

- Why did the Board recommend a lower payout ratio when the Company was achieving record profit in FY2021?

- Please refer to "DIVIDEND POLICY AND GUIDANCE ON DIVIDENDS IN RESPECT OF FINANCIAL YEARS 2019 AND 2020" announced by our Company on 9 April 2019.

- Why did the Board not continue with the payout ratio of "not less than 35% and 40%" when the business, market and our Company's financial prospects were even better in FY2021 than in FY2019?

- Can the Board make an announcement to provide guidance on dividends for FY2022 and FY2023?

<u>Uni-Asia's Replies:</u>

In the Company's announcement made on 8 April 2019, the Group guided that it expected to distribute dividends of not less than 35% and 40% of the Group's consolidated net profit after tax (excluding non-recurring, one-off and exceptional items) for FY2019 and FY2020, respectively. For FY2019, the Group distributed dividends of approximately 36.7% of the Group's profit after tax. For FY2020, despite an extremely challenging operating environment due to pandemic-related disruption and notwithstanding a net loss recorded for the year, the

Group paid a final dividend of 1.0 Singapore cent per share, making good our commitment to stable sustainable dividend pay-outs for our shareholders.

Dividend recommendation for FY2021 is made by the Board after taking into account macro and micro environmental factors, various sector risks and potential outlook, all with the aim of fairly rewarding our shareholders subject to relevant commercial and reinvestment necessities and considerations and at the same time equipping the Group with adequate funds to navigate it through challenging times and to capitalise on available opportunities.

The Group suffered a loss of US$7.48 million in FY2020. Loss notwithstanding, the Board recommended a cash dividend of S$0.01 per share for FY2020. This was paid in FY2021. As pandemic-related uncertainty over industry recovery and unprecedented disruptions extended into 2021, the Group had to deploy additional resources to meet the overall challenging business climate. The contagion effect from the deconsolidation of our hotel business also necessitated the utilisation of cash to satisfy repayment of bank borrowings as part of the Group's deleveraging strategy for FY2021. The interim dividends of 2.0 Singapore cents per share that have already been paid and the final and special dividends of 5.0 Singapore cents per share now recommended for FY2021 have been carefully deliberated upon in the light of all the factors above and the projected demands on our cash. As it stands, the total dividends of S$0.07 for FY2021 is the highest the Company has ever paid out in the last 10 years.

The Board and management of Uni-Asia Group would like to assure shareholders that it is cognizant of its fiduciary responsibilities to shareholders. We will put in concerted effort and work hard to deliver sustainable value over the long term for the Group and our shareholders. With the lessons learnt and the experiences garnered especially through the pandemic years, we are hopeful that the worst is behind us.

On this note, the Board is cautiously optimistic and expects to declare for FY2022 total dividends representing a pay-out ratio **higher** than that declared for FY2021, barring unforeseen circumstances.

– End –

Appendix 1

STATEMENT

Dear Fellow Uni-Asia Shareholders,

We are a group of minority shareholders holding not less than 9.73% of Uni-Asia Group Limited (held with the Central Depository (CDP) and other custodians as at 11 April 2022). At the pending Annual General Meeting (AGM), we will be asking the following questions relating to the Resolutions 1 & 2 set out in the Notice of AGM:

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