

**UPDATE ON CANCELLATION OF SHIPBUILDING CONTRACTS AND  
RELATED MATTERS**

The Directors of Uni-Asia Finance Corporation (the “**Company**”) wish to provide an update on the matters referred to in the Company’s announcements dated 15 April 2009 and 28 April 2009 (the “**Announcements**”) in relation to the shipbuilding contracts which the Company and its wholly-owned special purpose vessel holding companies, Uni-Delight Limited (“**Uni-Delight**”) and Uni-Elegance Limited (“**Uni-Elegance**”) had entered into with Kanasashi Heavy Industries Co., Ltd., Japan (“**Kanasashi**”) for the construction of three handy bulk ships (the “**Vessels**”).

**1. Background.**

On 10 April 2009, Kanasashi applied to Shizuoka District Court in Japan (the “**Court**”) for protection of its assets from its creditors and obtained the order from the Court on the same day.

On 12 April 2009, each of the Company, Uni-Delight and Uni-Elegance issued letters of demand to Kanasashi for the repayment of the full amount of the aggregate of the pre-delivery installments so far paid by the Company, Uni-Delight and Uni-Elegance to Kanasashi in respect of the construction of the Vessels and interest thereon at five (5) per cent. per annum.

On 13 April 2009, each of the Company, Uni-Delight and Uni-Elegance issued letters of demand to Sumitomo Mitsui Banking Corporation (“**Sumitomo**”) which issued refund guarantees in favor of the Company, Uni-Delight and Uni-Elegance in respect of the pre-delivery installments paid by them to Kanasashi for the construction of the Vessels.

On 28 April 2009, the Company, Uni-Delight and Uni-Elegance received the guaranteed amount of refund in full from Sumitomo.

**2. Cancellation of the shipbuilding contracts.**

Following the decision by the Court to commence reorganization proceedings for Kanasashi under the Corporate Reorganization Law in Japan, the shipbuilding contracts for the construction of the Vessels were cancelled on 30 June 2009. The total contract price for the Vessels scheduled to be delivered in 2010, 2011 and 2012 was JPY12,600,000,000. The Company, Uni-Delight, Uni-Elegance and Kanasashi (each a “**Shipbuilding Party**”) shall each be released of its respective obligations to perform

under the shipbuilding contracts upon its cancellation and the shipbuilding contracts will be terminated without any further recourse by any Shipbuilding Party following such termination.

### **3. Cancellation of the time charter agreements.**

Further to the Company's announcement dated 18 August 2008 in relation to the time charter agreements with PCL (Shipping) Pte Ltd which the Company has procured on behalf of Uni-Delight and Uni-Elegance, on 23 July 2009, each of Uni-Delight and Uni-Elegance has agreed with PCL (Shipping) Pte Ltd to cancel the time charter agreements for two vessels targeted to be delivered in 2010 and 2011, with the two vessels referred to in this paragraph being two of the three vessels originally scheduled to be delivered pursuant to the Kanasashi shipbuilding contracts as further explained in paragraph 2 of this Announcement. Each of Uni-Delight and Uni-Elegance (collectively, the "**Owners**") and PCL (Shipping) Pte Ltd (the "**Charterer**") have mutually agreed that the Owners and the Charterer shall each be released of its respective obligations to perform under the time charter agreements upon its cancellation and the time charter agreements will be terminated without any further recourse by either the Owners or the Charterer pursuant to the time charter agreements.

### **4. Opportunities going forward**

As at 31 March 2009, the Company's consolidated free cash balance was approximately US\$23 million. After taking into account (a) the refund of the guaranteed amount which was received in full from Sumitomo on 28 April 2009; and (b) the release from the capital commitments under the above shipbuilding contracts upon the cancellation of such contracts, the Company believes that it would be well positioned to capitalize on opportunities presented during the current slowdown of the shipping industry and market. Subject to shareholders' approval being obtained for the proposed private placement announced on 11 June 2009, 24 June 2009, 6 July 2009, 15 July 2009 and 21 July 2009, the proposed private placement would also, *inter alia*, strengthen the Company's financial ability to take advantage of any potential opportunities arising for, *inter alia*, potential ship investments. Amongst other things, the Company is considering the launching of a new opportunity-driven fund which invests in discounted vessels, with a focus on small handy bulk carriers. The Company will duly provide an update announcement as and when the details of the fund are finalized.

For and on behalf of  
Uni-Asia Finance Corporation

23 July 2009