
**RESPONSE TO SGX QUERIES
ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

The Board of Directors of United Industrial Corporation Limited (the “Company”) refers to the queries raised by the SGX-ST on 13 April 2021 and responds as follows:-

SGX-ST’s Query

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company indicated that the disclosure “would provide shareholders with sufficient information on the level of remuneration paid to the identified key management personnel”. Please clarify how this is consistent with the intent of Principle 8 of the Code.

Company’s Response

As disclosed in the Annual Remuneration Report set out in pages 44 to 46 of the Company’s FY2020 annual report (“Annual Report”), the Remuneration Committee reviews and recommends to the Board the remuneration framework for Directors as well as key management personnel (“KMP”), and approves the specific remuneration packages of each KMP taking into consideration the Group’s performance targets, the individual KMP’s performance and market practices in compensation. The remuneration of KMP comprises a fixed component (basic salary, annual wage supplement and benefits-in-kind) and a variable component (performance bonus and share options granted under the UIC Share Option Scheme). For FY2020, the RC had determined the entitlement of each KMP and was satisfied that each KMP was reasonably remunerated.

Averages of the percentage breakdown of the components of the identified KMP’s remuneration and the aggregate remuneration were also disclosed in the Annual Report. The Company believes that remuneration matters are highly confidential and sensitive, and any further disclosure may also place the Company at an undue disadvantage in talent retention and recruitment bearing in mind the need to maintain stability and business continuity with a competent and experienced management team.

For the aforementioned reasons, the Board is of the view that there is adequate disclosure of the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the Code.

SGX-ST's Query

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.2 of the Code with regards to the disclosure of remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000 in its annual report. Please confirm that other than Mr Eu Zai Jie, Jonathan, there are no other employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year.

Company's Response

The Company confirms that apart from Mr Eu Zai Jie, Jonathan who is a relative of a Director, that is, the grandson of Dr Wee Cho Yaw (the Chairman and substantial shareholder of the Company) and nephew of Mr Wee Ee Lim (non-executive Director of the Company), there are no other employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year.

BY ORDER OF THE BOARD

Teo Hwee Ping
Company Secretary

19 April 2021