

UNITED INDUSTRIAL CORPORATION LIMITED

(Company Registration No.: 196300181E)

(Incorporated in Singapore on 3 July 1963)

PROPOSED SCRIP DIVIDEND SCHEME

1. INTRODUCTION

The board of directors (the "**Board**") of United Industrial Corporation Limited (the "**Company**") is pleased to announce a proposed scrip dividend scheme which will be called the United Industrial Corporation Limited Scrip Dividend Scheme (the "**Proposed Scrip Dividend Scheme**"), pursuant to which shareholders of the Company (the "**Shareholders**") may elect to receive ordinary shares in the share capital of the Company (the "**New Shares**") in lieu of all (and not part only) of the cash amount of any dividend to which the Proposed Scrip Dividend Scheme applies, as more particularly described in the Proposed Scrip Dividend Scheme Statement set out in Appendix 1 of this announcement (the "**Announcement**").

For the purpose of this Announcement, unless otherwise defined:

"**Books Closure Date**" means with respect to a Qualifying Dividend, the date and time to be determined by the directors of the Company (the "**Directors**") on which the register of members and the transfer books of the Company will be closed for the purpose of determining the entitlements of Shareholders of the Company to that Qualifying Dividend.

"**CDP**" shall mean The Central Depository (Pte) Limited and the terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the respective meanings ascribed to them in the Companies Act, Chapter 50 of Singapore.

"**Companies Act**" means the Companies Act (Chapter 50) of Singapore, as amended, supplemented or otherwise modified from time to time.

"**Dividend**" means a dividend (including any interim, final, special or other dividend) to be paid on the issued ordinary shares of the Company (the "**Shares**") as resolved or proposed by the Directors or by the Company in general meeting.

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

"**New Shares**" mean fully-paid new Shares to be issued and allotted pursuant to the Proposed Scrip Dividend Scheme.

"**Overseas Shareholders**" means Shareholders with registered addresses outside Singapore as at the relevant Books Closure Date for a Dividend and who have not provided to the Company or (as the case may be) CDP, not later than five (5) Market Days (or such other cut-off date as the Directors may determine) prior to the relevant Books Closure Date with addresses in Singapore for the service of notices and documents.

"**Price Determination Period**" means the period commencing on the day on which the Shares are first quoted ex-dividend on the SGX-ST after the announcement of the relevant Qualifying Dividend and ending on the Books Closure Date in respect of such Qualifying Dividend, or such other period as the Directors may determine.

"**Qualifying Dividend**" means a Dividend to which the Proposed Scrip Dividend Scheme applies, as determined by the Directors.

"**SGX-ST**" means the Singapore Exchange Securities Trading Limited or any successor thereof.

"Take-over Code" means The Singapore Code on Take-overs and Mergers, including all practice notes, rules, and guidelines thereunder, as amended, supplemented or otherwise modified from time to time.

2. RATIONALE AND PURPOSE OF THE PROPOSED SCRIP DIVIDEND SCHEME

The Proposed Scrip Dividend Scheme, if and when adopted, will provide an opportunity for Shareholders to elect to receive dividends in the form of Shares, credited as fully paid-up instead of cash. It will enable Shareholders to participate in the equity capital of the Company without incurring brokerage fees, stamp duty and other related costs. The Company will also benefit from the participation by Shareholders in the Proposed Scrip Dividend Scheme as, to the extent that Shareholders elect to receive dividends in the form of Shares, the cash which would otherwise be payable by way of cash dividend may be retained to be used as the Company's general working capital and/or to fund the growth and expansion of the Company. The issue of Shares in lieu of cash dividends under the Proposed Scrip Dividend Scheme will also enlarge the Company's Share capital base.

3. ELECTION TO RECEIVE DIVIDENDS IN THE FORM OF SHARES IN LIEU OF CASH

Under the Proposed Scrip Dividend Scheme, whenever a Dividend has been declared, and the Directors have determined that the Proposed Scrip Dividend Scheme is applicable to the Dividend, each Shareholder has the following options in respect of his entitlement to the Dividend:

- (a) elect to receive his entitlement to the Dividend in cash; or
- (b) elect for an allotment of New Shares (credited as fully paid-up) in lieu of all the cash amount of his entitlement to the Dividend.

An announcement will be made by the Company as soon as practicable following the determination by the Directors that the Proposed Scrip Dividend Scheme is to apply to a particular Dividend, and in any event, by no later than the next Market Day immediately following the Books Closure Date in respect of the Dividend. Shareholders may only participate in respect of their shareholdings as at the Books Closure Date for any Qualifying Dividend.

The Company will, at its discretion, send to a Shareholder one (1) or more notice(s) of election (each, a **"Notice of Election"**) in relation to all the Shares held by him.

Shareholders may elect to participate in respect of all (and not part only) of their holding of Shares to which each Notice of Election relates in respect of any Qualifying Dividend (the **"Participating Shareholders"**).

Shareholders may also make a permanent election to participate in respect of all their holding of Shares for all future Qualifying Dividends. For the avoidance of doubt, a Shareholder may only make a permanent election to receive Shares in respect of all (and not part only) of his entitlement to which each Notice of Election relates and all future Qualifying Dividends. Where a permanent election has been made, the Participating Shareholder may, by giving the appropriate notice, cancel his participation and withdraw from the Proposed Scrip Dividend Scheme at any time. The cancellation of a permanent election by a Shareholder would not preclude him from making a fresh permanent election, should he wish to do so, at a later date.

A Shareholder receiving two (2) or more Notices of Election may elect to receive New Shares in respect of all (and not part only) of his entitlement to which one Notice of Election relates and decline to receive New Shares in respect of his entitlement to which any other Notices of Election relate. A Shareholder receiving two (2) or more Notices of Election and wishing to receive New Shares in respect of all of his entitlement to the Qualifying Dividend in respect of all of his holding of Shares must complete all Notices of Election to the Company and/or CDP, as the case may be.

Shareholders will receive the Qualifying Dividend in cash if they fail to elect to participate in the Proposed Scrip Dividend Scheme.

Shareholders do not need to take any action if they wish to receive their entitlement to the Qualifying Dividend in cash.

4. NEW SHARES ALLOTTED UNDER THE PROPOSED SCRIP DIVIDEND SCHEME

For the purpose of calculating the number of New Shares to be allotted to the Shareholders, the issue price of a New Share shall not be set at more than a ten per cent. (10%) discount to, nor shall it exceed, the average of the last dealt prices of a Share on the SGX-ST for each of the Market Days during the Price Determination Period. In the event that there is no trading in the Shares during the Price Determination Period, the issue price of a New Share shall not exceed the average of the last dealt prices of a Share on the SGX-ST for each of the Market Days during a period of five (5) Market Days immediately preceding the Price Determination Period.

Accordingly, where the Directors have resolved that the Proposed Scrip Dividend Scheme applies to a particular Dividend, it will not be possible until after the close of business on the relevant Books Closure Date to determine the exact number of New Shares to which Shareholders electing to receive New Shares will be entitled. An announcement will be made setting out the issue price of a New Share to be used in the calculation of Shareholders' entitlements to the New Shares in respect of such Dividend. In addition, Notices of Election will be sent to Shareholders after the Books Closure Date. A further announcement will be made on the last day (which will be a date fixed by the Directors) on which Shareholders will be entitled to make their election of the above alternatives, in respect of such Qualifying Dividend.

The New Shares to be issued pursuant to the Proposed Scrip Dividend Scheme will rank *pari passu* in all respects with the existing Shares then in issue save only as regards to the participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the Proposed Scrip Dividend Scheme) or any other distribution, bonuses or rights paid, made, declared or announced prior to, or contemporaneous with, the payment or declaration of the Qualifying Dividend which is the subject of the election, unless the Directors shall otherwise specify.

5. FRACTIONAL ENTITLEMENTS

Fractional entitlements to the New Shares will be rounded to the nearest whole number or otherwise dealt with in such manner as the Directors may deem fit in the interests of the Company and which is acceptable to SGX-ST.

For the avoidance of doubt, where the number of New Shares includes a fraction, then the number of New Shares to be issued to the respective persons entitled thereto will be rounded up or down to the nearest whole number or dealt with otherwise in such manner as the Directors may deem fit and as may be acceptable to the SGX-ST.

6. ODD LOTS

The Shares are currently traded in board lots of 1,000 Shares on SGX-ST. A Shareholder who elects to receive New Shares in lieu of the cash amount of the Qualifying Dividend may receive such New Shares in odd lots. Shareholders who receive odd lots of New Shares and who wish to trade such odd lots on the SGX-ST should do so on the unit share market, which allows trading of odd lots with a minimum of one (1) share.

7. OBLIGATION TO EXTEND TAKE-OVER OFFER

The attention of Shareholders is also drawn to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Take-over Code**"). In particular, a Shareholder should note that he may be

under an obligation to extend a take-over offer for the Company if:

- (a) he acquires, by participating in the Proposed Scrip Dividend Scheme in relation to any Qualifying Dividend, whether at one time or different times, Shares which (together with Shares held or acquired by him or persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of the Company; or
- (b) he, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights of the Company and he (or any person acting in concert with him) acquires additional Shares by participating in the Proposed Scrip Dividend Scheme in relation to any Qualifying Dividend or otherwise in any period of six (6) months, thereby increasing such percentage of the voting rights of the Company by more than one per cent. (1%).

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under, the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of any acquisition of Shares through their participation in the Proposed Scrip Dividend Scheme are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity.

8. ELIGIBILITY

All Shareholders, including Directors, substantial Shareholders of the Company and other interested persons of the Company who hold Shares, are eligible to participate in the Proposed Scrip Dividend Scheme, subject to the restrictions on Overseas Shareholders, and further subject to the requirement that such participation by a Shareholder will not result in a breach of any other restriction on such Shareholder's holding of Shares which may be imposed by any statute, law or regulation in force in Singapore or any other relevant jurisdiction, as the case may be, or prescribed in the Memorandum or the Articles of Association of the Company.

9. SHAREHOLDERS RESIDING OUTSIDE SINGAPORE

For practical reasons and to avoid any violation of the securities laws applicable outside Singapore where Shareholders may have their registered mailing addresses, the Directors may in their absolute discretion decide that Overseas Shareholders shall not be eligible to participate in the Scrip Dividend Scheme. No Overseas Shareholders shall have any claims whatsoever against the Company as a result of the Scrip Dividend Scheme not applying to such Overseas Shareholder. Overseas Shareholders who receive or come to have in their possession this announcement and/or a Notice of Election may not treat the same as an invitation to them and are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the Scrip Dividend Scheme as may be applicable to them. Overseas Shareholders who wish to be eligible to participate in the Scrip Dividend Scheme should provide an address in Singapore for the service of notices and documents by notifying the Company, c/o The Share Registrar, KCK CorpServe Pte Ltd, 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 (or such other address as may be announced by the Company from time to time) or, if the Overseas Shareholder is a Depositor, by notifying the Company c/o CDP at 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807 (or such other address as may be announced by the Company from time to time) no later than five (5) Market Days prior to the Books Closure Date. Depositors should note that all correspondences and notices will be sent to their last registered mailing addresses maintained with CDP.

10. TAXATION

The Company takes no responsibility for the taxation liabilities of Shareholders who choose to participate in the Proposed Scrip Dividend Scheme or the tax consequences of any election made by the Shareholders. As individual circumstances and laws may vary considerably,

specific tax advice should be obtained by Shareholders if they are in doubt or if they otherwise require clarification. The Company accepts no responsibility for the correctness or accuracy of any information as to tax liability contained in the Scrip Dividend Scheme Statement set out in Appendix 1 to this Announcement.

11. SHAREHOLDERS' APPROVAL FOR THE PURPOSES OF IMPLEMENTING THE PROPOSED SCRIP DIVIDEND SCHEME

Pursuant to the amendments to Rule 862 of the Listing Manual of the SGX-ST which became effective as at 1 January 2011, an announcement must be made by an issuer if it wishes to implement a scrip dividend scheme which enables shareholders to receive dividends by shares in lieu of cash and the approval of shareholders will not be required.

The issue of New Shares under the Proposed Scrip Dividend Scheme will be subject to the approval of the Shareholders pursuant to Section 161 of the Companies Act and the authority to allow the issue of New Shares under the Proposed Scrip Dividend Scheme will be sought at the forthcoming annual general meeting of the Company to be convened on 25 April 2014.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Scrip Dividend Scheme and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information contained in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
21 February 2014

APPENDIX 1: SCRIP DIVIDEND SCHEME STATEMENT

UNITED INDUSTRIAL CORPORATION LIMITED

(Company Registration No.: 196300181E)

(Incorporated in Singapore on 3 July 1963)

1. SCRIP DIVIDEND SCHEME STATEMENT

The Scrip Dividend Scheme Statement (the "**Statement**") contains the terms and conditions of the proposed United Industrial Corporation Limited Scrip Dividend Scheme (the "**Scrip Dividend Scheme**") under which persons registered in the Register of Members of United Industrial Corporation Limited (the "**Company**"), or as the case may be the Depository Register (as defined below), as the holders of fully paid Shares in the Company (the "**Shareholders**") may elect and receive fully paid new Shares (the "**New Shares**") in the capital of the Company in lieu of all (and not part only) of the cash amount of any dividend (including any interim, final, special or other dividend) (the "**Dividend**") which is declared on the Shares held by them (after the deduction of any applicable income tax).

2. SUMMARY TERMS OF THE SCRIP DIVIDEND SCHEME

The following is a summary of the main features of the Scrip Dividend Scheme.

The Scrip Dividend Scheme provides Shareholders with the option to elect to receive New Shares in lieu of all (and not part only) of the cash amount of any dividend or distribution (including any interim, final, special or other dividend or distribution) (the "**Dividend**") declared on their holding of Shares (after the deduction of applicable income tax).

Under the present law in Singapore, there are no brokerages, stamp duty or other transaction costs payable on the New Shares allotted and issued under the Scrip Dividend Scheme.

All Shareholders are eligible to participate in the Scrip Dividend Scheme, subject to the restrictions on overseas shareholders (being Shareholders with registered address outside Singapore at the relevant books closure date for a dividend) (the "**Overseas Shareholders**"), and further subject to the requirement that such participation by the Shareholder will not result in a breach of any other restriction on such Shareholder's holding of shares which may be imposed by any statute, law or regulation in force in Singapore or any other relevant jurisdiction, as the case may be, or prescribed in the Memorandum or the Articles of Association of the Company.

Shareholders may elect to participate in respect of all (and not part only) of their holding of Shares to which each Notice of Election (as defined below) relates in respect of any Qualifying Dividend (as defined below) (the "**Participating Shareholders**") and may also make a permanent election to participate in respect of all their holding of Shares for all future Qualifying Dividends. For the avoidance of doubt, a Shareholder may only make a permanent election to receive Shares in respect of all and not only part of his entitlement to which each Notice of Election relates and all future Qualifying Dividends.

Shareholders receiving more than one (1) Notice of Election (as defined below) may elect to participate in respect of their holding of Shares to which one (1) Notice of Election relates and elect not to participate in respect of their holdings of Shares to which any other Notice of Election relates. Where a permanent election has been made, Participating Shareholders may cancel their participation and withdraw from the Scrip Dividend Scheme at any time, subject to giving appropriate notice in accordance with paragraph 4.13 of this Statement below.

The directors of the Company (the "**Directors**") may, in their absolute discretion, determine that the Scrip Dividend Scheme will apply to any particular Dividend (the "**Qualifying Dividend**"). An announcement will be made by the Company as soon as practicable following the determination by the Directors that the Scrip Dividend Scheme is to apply to a particular Dividend, and in any event, by no later than the next Market Day (as defined below)

immediately following the Books Closure Date (as defined below) in respect of the particular Dividend. Unless the Directors have determined that the Scrip Dividend Scheme will apply to any particular Dividend, the Dividend concerned will be paid in cash to the Shareholders in the usual manner.

The New Shares allotted and issued under the Scrip Dividend Scheme will rank *pari passu* in all respects with the Shares then in issue save only as regards participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the Scrip Dividend Scheme) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Qualifying Dividend which is the subject of the election, unless the Directors shall otherwise specify.

Shareholders participating in the Scrip Dividend Scheme will receive, at or about each Dividend payment date, notification letters setting out, *inter alia*, the number of New Shares allotted to them under the Scrip Dividend Scheme.

3. HOW TO PARTICIPATE

Participation in the Scrip Dividend Scheme is optional and not transferable.

A Shareholder wishing to receive New Shares in respect of any Qualifying Dividend or to make a permanent election to receive New Shares in respect of all (and not part only) of his future Qualifying Dividends to which a Notice of Election (as defined below) received by him relates should complete the Notice of Election and return it to the Company at the address indicated on the Notice of Election or, if the Shareholder is a Depositor (as defined below), to The Central Depository (Pte) Limited ("**CDP**"). A Shareholder receiving more than one (1) Notice of Election and wishing to receive New Shares in respect of all (and not part only) of his entitlement to the Qualifying Dividends must complete all Notices of Election received by him and return the completed and signed Notices of Election to the Company and/or CDP, as the case may be.

To be effective in respect of any Qualifying Dividend to which a Notice of Election (as defined below) relates, such duly completed Notice of Election must be received by the Company or, as the case may be, CDP, no later than the date to be specified by the Directors in respect of that Qualifying Dividend.

4. TERMS AND CONDITIONS OF THE SCRIP DIVIDEND SCHEME

4.1 Establishment

The Scrip Dividend Scheme has been established by the Directors of the Company.

4.2 Terms and Conditions

In these Terms and Conditions:

"Act" shall mean the Companies Act, Chapter 50 of Singapore;

"Articles" shall mean the Articles of Association of the Company, as amended, supplemented or modified from time to time;

"Books Closure Date" shall mean the date to be determined by the Directors on which the Register of Members of the Company will be closed for the purpose of determining the entitlements of Shareholders to a Dividend and is the day immediately preceding the first day of the Books Closure Period;

"Books Closure Period" shall mean the period to be determined by the Directors during which the Register of Members of the Company will be closed for the purpose of determining the entitlements of Shareholders to a Dividend;

"CDP" shall mean The Central Depository (Pte) Limited and the terms **"Depositor"**, **"Depository Agent"** and **"Depository Register"** shall have the respective meanings ascribed to them in the Act;

"Listing Manual" shall mean the Listing Manual of the SGX-ST, as may be amended, supplemented or modified from time to time;

"Market Day" shall mean a day on which the SGX-ST is open for trading in securities;

"Overseas Shareholders" shall mean Shareholders with registered mailing addresses outside Singapore and who have not provided to the Company or (as the case may be) CDP, not later than five (5) Market Days prior to the Books Closure Date, addresses in Singapore for the service of notices and documents;

"Qualifying Dividend" shall mean a Dividend to which the Scrip Dividend Scheme applies, as determined by the Directors;

"Shares" shall mean ordinary shares in the capital of the Company;

"SGX-ST" shall mean Singapore Exchange Securities Trading Limited;

"Take-over Code" shall mean The Singapore Code on Take-overs and Mergers, including all practice notes, rules, and guidelines thereunder, as may be amended from time to time;

"S\$" or "Singapore Dollars" shall mean the lawful currency of the Republic of Singapore; and

"%" or "per cent." shall mean percentage or per centum.

4.3 Eligibility

All Shareholders are eligible to participate in the Scrip Dividend Scheme, subject to the restrictions on Overseas Shareholders, more particularly described below, and further subject to the requirement that such participation by the Shareholders will not result in a breach of any other restriction on such Shareholder's holding of Shares which may be imposed by any statute, law or regulation in force in Singapore or any other relevant jurisdiction, as the case may be, or by the Articles.

4.4 Shareholders Residing Outside Singapore

For practical reasons and to avoid any violation of the securities laws applicable outside Singapore where Shareholders may have their registered mailing addresses, the Directors may in their absolute discretion decide that Overseas Shareholders shall not be eligible to participate in the Scrip Dividend Scheme. No Overseas Shareholders shall have any claims whatsoever against the Company as a result of the Scrip Dividend Scheme not applying to such Overseas Shareholder. Overseas Shareholders who receive or come to have in their possession this announcement and/or a Notice of Election may not treat the same as an invitation to them and are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the Scrip Dividend Scheme as may be applicable to them. Overseas Shareholders who wish to be eligible to participate in the Scrip Dividend Scheme should provide an address in Singapore for the service of notices and documents by notifying the Company, c/o The Share Registrar, KCK CorpServe Pte Ltd, 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 (or such other address as may be announced by the Company from time to time) or, if the Overseas Shareholder is a Depositor, by notifying the Company c/o CDP at 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807 (or such other address as may be announced by the Company from time to time) no later than five (5) Market Days prior to the Books Closure Date. Depositors should note that all correspondences and notices will be sent to their last registered mailing addresses maintained with CDP.

4.5 Level of Participation

A Shareholder may elect to participate in the Scrip Dividend Scheme (the "**Participating Shareholder**") in respect of all (and not part only) of his holding of Shares as at each Books Closure Date to which each Notice of Election received by him relates for a Qualifying Dividend (the "**Participating Shares**").

4.6 Permanent Election

Any permanent election to participate in the Scrip Dividend Scheme is exclusive to the Participating Shareholder. A Shareholder may make a permanent election in the manner set out in paragraph 4.7 of this Statement below for participation in respect of all (and not part only) of his future Qualifying Dividends, and where a permanent election in respect of all (and not part only) of his holding of Shares to which a Notice of Election relates has been made, unless and until (i) a notice of cancellation, in such form as the Directors may approve (the "**Notice of Cancellation**") in relation to such Notice of Election is received by the Company or (as the case may be) CDP in the manner provided in paragraph 4.13 of this Statement below, the permanent election shall be effective for all future Qualifying Dividends in respect of such Notice of Election. A notice of cancellation of participation in the Scrip Dividend Scheme in any other form will not be accepted by the Company or (as the case may be) CDP.

4.7 Notice of Election to Participate

The Company will, at its absolute discretion, send to each Shareholder one or more notice(s) of election (in such form as the Directors may approve) (each, a "**Notice of Election**"). To be effective in respect of any Qualifying Dividend (unless a permanent election has already been made), a Notice of Election must be received by the Company or, in the case of a Notice of Election being submitted by a Shareholder who is a Depositor, the Company c/o CDP, by the time and date to be specified by the Directors in respect of that Qualifying Dividend.

A Shareholder receiving two (2) or more Notices of Election and wishing to receive New Shares in respect of all of his entitlement to the Qualifying Dividend in respect of all his holding of Shares must complete all the Notices of Election received by him and return the completed and signed Notices of Election to the Company and/or CDP, as the case may be. A Notice of Election to participate in the Scrip Dividend Scheme in any other form will not be accepted by the Company or (as the case may be) CDP.

If a Notice of Election in relation to a permanent election is received after the time and date specified by the Directors for any particular Qualifying Dividend, the Notice of Election will not be effective for that Qualifying Dividend in respect of such Notice of Election and all future Qualifying Dividends. A Notice of Election in respect of any Qualifying Dividend shall not, upon its receipt by the Company or (as the case may be) CDP, be withdrawn or cancelled.

A permanent election made in the Notice of Election will remain in force until it is cancelled in the manner provided in paragraph 4.13 of this Statement below, or until it becomes ineffective as provided in these Terms and Conditions. A Shareholder receiving more than one (1) Notice of Election and wishing to make a permanent election in respect of all his holding of Shares must complete all Notices of Election received by him and return the duly completed and signed Notices of Election to the Company and/or CDP, as the case may be.

4.8 Extent of Application of Scrip Dividend Scheme to each Dividend

The Directors may determine, in their absolute discretion, in respect of any Dividend, whether the Scrip Dividend Scheme shall apply to such Dividend. If, in their absolute discretion, the Directors have not determined that the Scrip Dividend Scheme is to apply to a particular Dividend, such Dividend shall be paid in cash to Shareholders notwithstanding their permanent elections previously made under the Scrip Dividend Scheme.

4.9 Share Entitlement

By electing to participate in the Scrip Dividend Scheme in respect of any Notice of Election received by him, a Shareholder elects in respect of any Qualifying Dividend (after the deduction of any applicable income tax) to which such Notice of Election relates to receive New Shares in lieu of all (and not part only) of the cash amount of the Qualifying Dividend.

In respect of any Qualifying Dividend, the number of New Shares to be allotted and issued to the Participating Shareholder electing to receive New Shares in respect of a Notice of Election shall be calculated in accordance with the following formula:

$$N = \frac{S \times D}{V}$$

Where:

- N = is the number of New Shares to be allotted and issued as fully paid to the Participating Shareholder in respect of such Notice of Election.
- S = is the number of Participating Shares held by the Participating Shareholder as of the Books Closure Date to which such Notice of Election relates.
- D = is the Qualifying Dividend per Share (after deduction of any applicable income tax) to which such Notice of Election relates.
- V = is the issue price of a Share, which shall for the purpose of calculating the number of New Shares to be allotted and issued as fully paid to Participating Shareholders, pursuant to the Scrip Dividend Scheme, be an amount in Singapore Dollars determined by the Directors (the "**Relevant Amount**"), which Relevant Amount shall not be set at more than a ten per cent. (10%) discount (or such other discount as may be permitted by the Listing Manual) to the average of the last dealt price of a Share on the SGX-ST for each of the Market Days during the period commencing on the day on which the Shares are first quoted ex-dividend on the SGX-ST after the announcement of the Dividend and ending on the Books Closure Date (the "**Price Determination Period**"). In the event that there is no trading in the Shares during the Price Determination Period, the issue price of a new Share shall not exceed the average of the last dealt prices of a Share on the SGX-ST for each of the Market Days during a period of five (5) Market Days immediately preceding the Price Determination Period.

The Directors shall have full power to make such provisions as they deem fit where the number of New Shares calculated in accordance with the above formula becomes attributable in fractions, including provisions whereby fractional entitlements are rounded up or down to the nearest whole number or otherwise dealt with in such manner as they may deem fit and as may be acceptable to the SGX-ST.

4.10 Terms of Allotment

All New Shares allotted under the Scrip Dividend Scheme will be allotted as fully-paid.

All such New Shares shall rank *pari passu* in all respects with all existing Shares then in issue, save only as regards participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the Scrip Dividend Scheme) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Qualifying Dividend which is the subject of the election, unless the Directors shall otherwise specify.

Participating Shareholders who are Depositors and who have submitted the duly completed and signed Notices of Election to the Company c/o CDP will have the New Shares credited to their securities accounts maintained with CDP. In other cases, certificates for the New Shares will be dispatched to Shareholders, at their own risk, at their registered mailing addresses in

Singapore.

4.11 Notification Letter to Participants

The Company will send to each Participating Shareholder on or around each payment date for the Dividend which shall be a date not less than thirty (30) Market Days but not more than 35 Market Days after the Books Closure Date for that Dividend, or such other period as the Directors may decide, a notification letter detailing, *inter alia*:

- (a) the number of the Participating Shares held by the Participating Member as at the relevant Books Closure Date; and
- (b) the number of New Shares to be allotted to the Participating Shareholder under the Scrip Dividend Scheme.

4.12 Cost to the Participants

Under the present law in Singapore, brokerage or other transaction costs and Singapore stamp duty will not be payable by Participating Shareholders on New Shares allotted under the Scrip Dividend Scheme.

4.13 Cancellation of Participation

A Participating Shareholder may at any time cancel his permanent election to participate in the Scrip Dividend Scheme in relation to any Notice of Election by completing and returning to the Company or (as the case may be) CDP, a Notice of Cancellation in such form as the Directors may approve (a notice of cancellation of participation in the Scrip Dividend Scheme in any other form will not be accepted by the Company or, as the case may be, CDP) in relation to such Notice of Election. To be effective in respect of any Qualifying Dividend, the Notice of Cancellation must be received by the Company or, as the case may be, CDP, by the time and date to be specified by the Directors for that Qualifying Dividend, failing which the Notice of Cancellation will not be effective for that Qualifying Dividend but will be effective for all future Qualifying Dividends in respect of such Notice of Election.

If a Participating Shareholder gives notice to the Company or, if that Shareholder is a Depositor, to the Company c/o CDP, of a change of his mailing address for the service of notices and documents from an address within Singapore to an address outside Singapore, he shall thereupon be considered an Overseas Shareholder. Any permanent election previously made to participate in the Scrip Dividend Scheme by such Participating Shareholder shall be deemed to have been cancelled by him upon receipt by the Company or (as the case may be) CDP, of such change of address notification.

If a Participating Shareholder, who is an individual, passes away, any permanent election previously made to participate in the Scrip Dividend Scheme by that Shareholder will cease upon receipt by the Company or, if that Shareholder is a Depositor, by CDP, of notice of the death acceptable to the Company or, as the case may be, CDP, or at such later date as the Directors in their discretion, upon request from the personal representative(s) of the deceased Participating Shareholder, may determine, provided that such notice or request is accompanied by a Notice of Cancellation. If the personal representative(s) of the deceased Participating Shareholder wish(es) to participate in the Scrip Dividend Scheme in respect of any Qualifying Dividend or in respect of all future Qualifying Dividends in relation to the Shares forming part of the estate of the deceased Participating Shareholder, the relevant Notices of Election (together with such evidence as may reasonably be required by the Company or CDP, as the case may be, to prove the authority of such personal representative(s)) must be submitted by such personal representative(s) in accordance with these Terms and Conditions.

If a Participating Shareholder becomes bankrupt or, in the case where the Participating Shareholder is a company, is wound up, any permanent election previously made to participate in the Scrip Dividend Scheme by that Shareholder will cease upon receipt by the

Company or, if that Shareholder is a Depositor, by CDP, of notice of the bankruptcy or, as the case may be, the winding up, accompanied by a Notice of Cancellation.

4.14 Cancellation of Application of the Scrip Dividend Scheme

Notwithstanding any provision in these Terms and Conditions, if at any time after the Directors have determined that the Scrip Dividend Scheme shall apply to any particular Dividend and before the allotment and issue of New Shares in respect of that Dividend, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Scrip Dividend Scheme in respect of such Dividend, the Directors may, at their absolute discretion and as they may deem fit in the interests of the Company and without assigning any reason thereof, cancel the application of the Scrip Dividend Scheme to the Dividend. In such event, the Dividend shall be paid in cash to Shareholders in the usual manner.

4.15 Modification and Termination of the Scrip Dividend Scheme

The Scrip Dividend Scheme may be modified or terminated at any time by the Directors as they deem fit on giving notice in writing to all Shareholders.

In the case of a modification, the Scrip Dividend Scheme will continue as modified in relation to each Shareholder who has made a permanent election under the Scrip Dividend Scheme, unless and until the Company or, if the Shareholder is a Depositor, CDP, receives a Notice of Cancellation in respect of a Notice of Election submitted by such Participating Shareholder, from the Participating Shareholder.

4.16 General Administration of the Scrip Dividend Scheme

The Directors may implement the Scrip Dividend Scheme in the manner they deem fit. The Directors have the power to:

- a. determine procedures, rules and regulations for administration of the Scrip Dividend Scheme consistent with these Terms and Conditions;
- b. settle in such manner as they think fit any difficulty, anomaly or dispute (including relating to the interpretation of any provision, regulation or procedure or as to any rights under the Scrip Dividend Scheme) which may arise in connection with the Scrip Dividend Scheme, whether generally or in relation to any Participating Shareholder or any Shares and the determination of the Directors will be conclusive and binding on all Shareholders and other persons to whom the determination relates;
- c. delegate to any one or more persons, for such period and on such conditions as the Directors may determine, the exercise of any of their powers or discretions under or in respect of the Scrip Dividend Scheme and references to a decision, opinion or determination of the Directors include a reference to the decision, opinion or determination of the person or persons to whom the Directors have delegated their authority for the purposes of administering the Scrip Dividend Scheme; and
- d. waive strict compliance by the Company or any Shareholder with any of these Terms and Conditions.

4.17 Arrangements by the Company

The Company may, on such terms and conditions as the Directors in their absolute discretion deem fit, enter into arrangements, transactions, agreements and deeds relating to or in connection with the Scrip Dividend Scheme including any underwriting or other arrangement with any party with respect to any Shares (the "**Relevant Shares**") not issued to or taken up by Shareholders who do not elect to receive Shares in respect of a Qualifying Dividend and/or which relate to Overseas Shareholders had they been eligible to participate and for this

purpose, the Relevant Shares may be issued, on such terms and conditions as the Directors deem fit, to one or more underwriters or other parties (the "**Placee(s)**").

Such arrangements entered into by the Company would enable it to retain funds, which would otherwise be payable to the Shareholders pursuant to such Qualifying Dividend, and also contribute to the growth and expansion of the Company. The Placee(s) will be selected by the Audit Committee of the Company, comprised entirely of independent Directors not interested in the placement, underwriting or other arrangements described above, based on selection criteria that would include, inter alia:

- (i) the commitment and/ or availability to take up 100% of the New Shares not taken up by Shareholders (other than New Shares attributable to any Shareholder(s) who may have confirmed or indicated that they will elect to receive New Shares in respect of the Qualifying Dividend);
- (ii) the quantum of any fee or commission to be charged;
- (iii) the financial ability of the Placee(s);
- (iv) the potential availability of the Placee(s) to underwrite any future Relevant Shares;
- (v) the issue price at which the Relevant Shares will be taken up; and
- (vi) legal fees.

In order for the Audit Committee to select the most appropriate Placee(s), it is envisaged that the Company may consider placing out the Relevant Shares to Directors and/ or Substantial Shareholders.

4.18 Governing Law and Exclusion of Third Party Rights

This Statement, the Scrip Dividend Scheme and these Terms and Conditions shall be governed by, and construed in accordance with, the laws of Singapore. A person who is not a party to these Terms and Conditions has no right under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce against the Company any of these Terms and Conditions.

5. APPLICATION FOR LISTING ON THE SGX-ST

The Company shall make the necessary application(s) for the listing of the Shares to be issued for the purposes of, in connection with or where contemplated by the Scrip Dividend Scheme. Any approval of such applications from the SGX-ST for listing of such Shares is not to taken as an indication of the merits of the Scrip Dividend Scheme, the Shares, the Company or its subsidiaries.

6. TAXATION

The Company takes no responsibility for the taxation liabilities of Participating Shareholders or the tax consequences of any election made by Shareholders. As individual circumstances and laws vary considerably, specific taxation advice should be obtained by Shareholders if required.

The Company takes no responsibility for the correctness or accuracy of any information as to taxation liability set out in this Statement.

As a general indication, however, it is understood that as at the date of this Statement, under tax legislation in Singapore, a Shareholder's Singapore tax liability in relation to the Dividends received will not alter, nor is there any tax advantage to be gained, by reason of having elected to participate in the Scrip Dividend Scheme.

7. INCOME TAX

The Company will deduct all income tax required to be deducted from the Qualifying Dividends in accordance with applicable law. Certificates of income deductions will be sent to Participating Shareholders in the usual manner.

8. OTHER ITEMS

The New Shares are offered on the terms and conditions set out in this Statement and in the applicable provisions of the Articles of the Company. There are no other terms other than those implied by law or set out in public registered documents.

9. ENQUIRIES

Enquiries about any aspect of the Scrip Dividend Scheme should be directed to:

United Industrial Corporation Limited
c/o Share Registrar
KCK CorpServe Pte Ltd
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

10. LIABILITY OF THE COMPANY

Notwithstanding anything herein, neither the Company nor any officer, agent or representative of the Company shall under any circumstances be liable or responsible to any Participating Shareholders for any loss, damage, cost or expense (collectively, "**Loss**") or alleged Loss in connection with or as a result, directly or indirectly, of the establishment or operation of the Scrip Dividend Scheme or participation in the Scrip Dividend Scheme, including any delay in allotting or issuing any Shares. No representation or warranty is given in respect of any Shares, the Company or its subsidiaries or associated companies or that listing approval for the Shares will be obtained.