



PAN-UNITED CORPORATION LTD
(Incorporated in the Republic of Singapore)
(Company Registration No: 199106524G)

REPLY TO SGX QUERY REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors of Pan-United Corporation Ltd (the "Company" and together with its subsidiaries, collectively the "Group") refers to the following query raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 May 2020 and would like to provide additional information in relation to the Company's Annual Report for the financial year ended 31 December 2019 ("Annual Report"), 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 had not complied with Provisions 8.1 of the Code with regards to the disclosure of remuneration. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's response:

The Company has stated on page 31 of the Annual Report that an appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

Non-executive directors are paid directors' fees while executive directors are not paid directors' fees. The Remuneration Committee ("RC") recommends the directors' fees to the Board annually, after taking into consideration factors such as effort, time spent, contribution, responsibilities and the level of fees of directors in similar industries. The Chairman of each Board Committee is paid a higher fee because of the greater responsibility carried by that office. The RC ensures that non-executive directors are not over-compensated to the extent that their independence may be compromised. Members of the RC do not participate in any discussions or decisions concerning their own remuneration. Directors' fees are subject to shareholders' approval at the Company's annual general meetings.

The Company has also stated on page 32 that given the sensitivity and confidentiality of remuneration matters and the highly competitive industry conditions of the Group's operations, the Company has not disclosed the exact details of the remuneration of the CEO and the directors. The Company has, however, disclosed the remuneration of the CEO and the directors in bands of \$250,000. On the same token, the Company believes that the disclosure of the names, amounts and breakdown of remuneration of the top five key management personnel as recommended by the Code would be disadvantageous to the Group's interests. On page 89, the Company has also disclosed the aggregate amount of the total remuneration paid to its three top key management personnel.

By order of the Board

Kevin Cho
Company Secretary
12 May 2020