



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

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

The Board of Directors of the Company ("the Board") refers to the following queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 22 April 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 1:

Provision 2.4 of the Code of Corporate Governance (the "Code") provides that the Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

Pursuant to Rule 710 of the Listing Manual, where there are variations from the Provisions, the issuer must provide the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

In this regard, please clarify how the Company has complied with Provision 2.4 of the Code and in particular, whether there is a board diversity policy and progress made towards implementing the board diversity policy.

Company's response:

The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. Although the Company has not adopted a formal board diversity policy, the Nominating Committee ("NC") has been tasked to implement measures including selection and nomination of suitable candidates from diverse backgrounds to be appointed as new director(s) of the Company and review of the composition of the Board to achieve diversity in the Board.

As at the date of the Annual Report, the Company is of the view that there is diversity in the Board. The Board comprises seven directors including five independent directors. The members of the Board possess complementary skillset, knowledge and experience in multi-industries, finance, investment and management. The average age of the Directors is 69 years old, with the range from 52 years old to 97 years old. The Company has one female director on the Board.

On pages 29 and 30 of the Annual Report, the Company reported that its independent directors are respected members of the business community and they provide core competencies such as accounting, finance, business acumen and management expertise. The Board is of the view that they contribute to the strong independent element of the Board, notwithstanding their tenure on the Board.

The Board, with the concurrence of the NC, having reviewed and considered the size and mix of the Board and the Board Committees, is of the view that the current board composition is appropriate for

the nature and scope of the Company's operations and facilitates effective decision making for the existing needs and demands of the Group's businesses.

The Board, supported by the NC, reviews regularly the Board's diversity covering aspects ranging from skills, experience, background, gender, age, ethnicity and culture, tenure of service, independence and other distinguished qualities to enhance the decision-making capability and foster constructive debate. The Board, with the concurrence of the NC, is also of the view that the composition of the Board and the Board Committees, as a group, provides an appropriate balance and diversity of skills, experience, gender, age and knowledge of the Group. No individual or group dominates the Board's decision-making process.

The non-executive directors, who make up a majority of the Board, always constructively challenge and help develop proposals on strategy and review Management's performance in meeting agreed goals and objectives, and monitor the reporting of Management's performance.

The NC, in its annual review of the appropriate size and composition of the Board, may make recommendations to the Board for new board appointments. The NC will take the lead in identifying, evaluating and selecting suitable candidates as new directors for the Board's consideration. The NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with appropriate expertise and experience for the appointment as new director. The selection criteria include integrity, expertise, industry experience and financial literacy.

Mr Fong Yue Kwong, who was recently appointed as an Independent Director of the Company on 1 March 2020, was in JTC Corporation, including its wholly-owned subsidiary, Jurong Port Pte Ltd, for many years and had many years of regional experience as well. His experience and expertise in the logistics industry locally and regionally bring more diversity into the Board.

SGX-ST's Query 2:

Provision 8.2 of the Code provides that the company should disclose in its annual report, inter alia, the names and remuneration of employees who are substantial shareholders of the company and whose remuneration exceeds \$100,000 during the year in bands no wider than \$100,000.

Pursuant to Rule 710 of the Listing Manual, where there are variations from the Provisions, the issuer must provide the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

Please clarify how the Company has complied with Provision 8.2 of the Code.

Company's response:

The Company has disclosed the remuneration of each director of the Company in bands of \$250,000 on page 32 of the Annual Report. The disclosure also included the Company's Chief Executive Officer, Ms Ng Bee Bee, who is also a director of the Company and a substantial shareholder of the Company.

Save for the above disclosures, there are no other employees who are substantial shareholders of the Company who receive remuneration from the Company.

By order of the Board

Kevin Cho
Company Secretary
27 April 2020