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Issuer: United Industrial Corporation Limited

Stock code: U06

Meeting details:

Date: 23 April 2021

Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. On 2 April 2021, the media reported on the group's plans to rejuvenate and gentrify its aged office portfolio, as well as kick-start its ESG (environmental, social, and governance) roadmap. The article further added that, as part of the group-wide refresh, the group is looking at optimising its portfolio, which includes what assets that were referred to as having "*Grade-A location, but Grade-B quality*"¹.

It was also reported that the group would not rule out setting up capital recycling platforms such as funds or real estate investment trusts for fee income in future.

- (i) **As the group embarks on the rejuvenation of its assets, what is the targeted ROI for its asset enhancement initiatives?**
- (ii) **What deliberations, if any, did the board have on the group setting up capital recycling platforms?**
- (iii) At the EGM scheduled to be held on 23 April 2021, the company is also proposing to change its name to "Singapore Land Group Limited". **Can management elaborate further on the tangible benefits of this rebranding exercise?**
- (iv) **In addition, has management evaluated the strategic options for Marina Square given that it has "underperformed nearby shopping centres mainly because it lacks a "natural feed" from offices"?**

Q2. In a year when the real estate business was put under great pressure, the group's information technology business shone brightly. On page 31, the company stated that UIC Technologies Group ("UIC") focuses systems integration, IT services and payroll software and human resource outsourcing services.

For the year ended 31 December 2020, UIC's revenue increased by 41% from \$160 million in 2019 to \$226 million. Pre-tax profit was \$10.7 million, a 100% increase from the \$5.3 million achieved in 2019. UIC also declared a dividend of \$1 million for 2020.

- (i) **Can management provide shareholders with greater clarity on the typical projects and services offered by UIC? What are the key services and products?**
- (ii) **What is UIC's value proposition? Who are the major customers? How much of its business is recurring in nature?**

¹ <https://www.businesstimes.com.sg/companies-markets/uic-proposes-name-change-to-singapore-land-in-group-wide-refresh>

- (iii) **Are there any synergies between UICT and the group's core real estate and hospitality businesses? What is the strategic value of UICT in the group's long-term growth plans?**

The increase in revenue and profit has been attributed to the spike in demand for end-user devices with employees working from home, Modern Work and Security software and cloud consumption for virtual meetings arising from demand from both corporate and public sectors.

- (iv) **How much of the growth can be sustained after the spike in demand in 2020 due to COVID?**

Q3. As noted in the Corporate governance report, the current board comprises ten directors, six of whom are independent. The date of the directors' initial appointment is shown in the table below:

Board of Directors	Board Appointment	Date of Initial Appointment	Date of Last Re-Election
Wee Cho Yaw	Non-Executive Chairman	26.06.92	10.06.20
Lance Yu Gokongwei	Non-Executive Director	28.05.99	10.06.20
Wee Ee Lim	Non-Executive Director	28.05.99	27.04.18
Liam Wee Sin	Non-Executive Director	10.06.19	10.06.20
Hwang Soo Jin	Non-Executive and Independent Director	31.01.03	23.04.19
Yang Soo Suan	Non-Executive and Independent Director	27.04.12	23.04.19
Chng Hwee Hong	Non-Executive and Independent Director	23.03.18	27.04.18
Antonio L. Go	Non-Executive and Independent Director	25.04.07	23.04.19
Tan Khiaw Ngoh	Non-Executive and Independent Director	27.02.20	10.06.20
Francis Lee Seng Wee	Non-Executive and Independent Director	12.03.18	27.04.18

(Source: company annual report)

The biographies of the directors can be found on pages 6 to 15 of the annual report.

The directors who have served for 9 years or more in FY2021 are:

- Hwang Soo Jin: tenure of more than 18 years
- Yang Soo Suan: tenure of 9 years w.e.f. 27 April 2021
- Antonio L. Go: tenure of 14 years w.e.f. 25 April 2021

The nominating committee (NC) has carried out "rigorous scrutiny" on the independence of the long-tenured director (page 43). The NC comprises Hwang Soo Jin (chairman), Antonio L. Go, Yang Soo Suan and Dr Wee Cho Yaw. It is observed that other than Dr Wee Cho Yaw, all members of the NC are subject to the rigorous scrutiny by the NC on the director's independence.

- (i) **Can the NC elaborate further on how it had carried out the “rigorous scrutiny” of the independence of the long tenured directors?**
- (ii) **Given that all three independent members (including the chairman) of the NC are subject to the “rigorous scrutiny”, how effective is the NC at discharging its duties?**
- (iii) **Has the NC evaluated if the long-tenure of a director and his/her relationship with the company, its related corporations, its substantial shareholders or its officers could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company?**
- (iv) **Did the NC consider the early adoption of a two-tier voting for the long tenured directors?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)