



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

---

**THE PROPOSED DISPOSAL OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF PAN-UNITED SHIPPING PTE LTD AND P.U. VISION PTE LTD AS AN INTERESTED PERSON TRANSACTION**

---

**1. INTRODUCTION**

The Board of Directors (the "**Directors**") of Pan-United Corporation Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 4 October 2016 entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with Sedgefield Corporation Pte. Ltd. (the "**Purchaser**") in relation to the proposed disposal (the "**Proposed Disposal**") by the Company of all the issued and paid-up ordinary shares in the share capital of its wholly-owned subsidiaries, Pan-United Shipping Pte Ltd ("**PUS**") and P.U. Vision Pte Ltd ("**PUV**", and collectively with PUS, the "**Sale Companies**").

**2. THE PROPOSED DISPOSAL**

**2.1 Information regarding the Purchaser**

The Purchaser, an investment holding company incorporated in Singapore, is wholly-owned by Jane Kimberly Ng Bee Kiok and Ng Bee Bee, who are Directors and controlling shareholders of the Company and Ng Han Whatt, a controlling shareholder of the Company. Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt are also directors of the Purchaser.

**2.2 Information regarding the Sale Companies**

The Sale Companies are wholly-owned subsidiaries of the Company incorporated in Singapore, comprising part of the shipping division of the Group (the "**Shipping Division**"). The Sale Companies primarily engage in the tug and barge business of the Shipping Division (the "**Tug and Barge Business**"). The Tug and Barge Business operates a fleet of tugboats and barges plying the Southeast Asia region, providing short and long-term time charters, voyage charters and contracts on an affreightment basis.

**(a) PUS**

The principal activity of PUS is in the provision of shipping services and trading. PUS transports bulk cargoes in the region, including gypsum, thermal coal, aggregate and sand, which are carried in bulk carriers and barges. Presently, PUS does not own any vessels and charters them from PUV and other third parties to carry on its shipping activities.

(b) PUV

The principal activity of PUV is in the provision of ship chartering services. As at the date of this Announcement, PUV owns 12 tugboats and 10 barges, with an average age of eight years, which are exclusively chartered to PUS on bareboat charter.

2.3 Valuation

The Company had commissioned ALC Consulting Services Pte Ltd to conduct an independent desktop valuation (the "**Valuation**") on the 12 tugboats and 10 barges owned by PUV. The aggregate desktop fair valuation was determined to be S\$23,800,000 as at 28 September 2016.

The results of the Valuation was given (a) on the understanding of the possible existence of different perspective values for the same vessels, and (b) after due consideration of transactions done on or about the prevailing time in the open market on the basis of willing buyer and willing seller of similar vessels in "average condition".

Copies of the valuation certificates (the "**Valuation Certificates**") in respect of the Valuation of each of the vessels will be made available for inspection.

**3. BENEFITS OF AND RATIONALE FOR THE PROPOSED DISPOSAL**

3.1 The Proposed Disposal allows the Group to achieve the following objectives:

(a) The Sale Companies have been enduring a very challenging industry and market environment. Although striving to be cost-competitive, the Tug and Barge Business has been incurring losses since 2013. The industry has been plagued by low freight rates, softening market demand within Southeast Asia, and a severe oversupply in vessel capacity. The Sale Companies had incurred losses after taxation amounting to an aggregate of S\$2.8 million for the financial year ended 31 December 2015, and S\$4.1 million for the six-month period ended 30 June 2016. The Company believes that the challenging industry and market environment will continue, and the Proposed Disposal will allow the Group to stem its losses arising from the Tug and Barge Business and should improve the Group's financial position.

The Proposed Disposal will enable the Shipping Division of the Group to be "asset-light", by not owning the tugs and barges, and focus on the provision of logistics, ship chartering and ship agency services.

(b) The Proposed Disposal will allow the Company to continue to focus on its two existing core businesses, in particular, the Concrete & Cement business, which supplies materials to the construction industries locally and in the region, and the Port business, which owns and operates two ports in the People's Republic of China and provides port cargo handling services and integrated logistics hub services. The aforementioned businesses have been contributing and will continue to contribute to the financial performance of the Group.

3.2 The Company intends to use the sale proceeds from the Proposed Disposal to fund future projects and the working capital requirements of the Group.

#### **4. SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENT**

##### **4.1 Consideration**

Pursuant to the terms of the Sale and Purchase Agreement, the Company has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Company, (a) 41,150,000 ordinary shares in the share capital of PUS, and (b) 1,100,000 ordinary shares in the share capital of PUV, owned by the Company (collectively, the "**Sale Shares**").

The consideration for the Sale Shares (the "**Consideration**"), in the aggregate amount of S\$29,922,000, was arrived at after arm's length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis and after taking into consideration the unaudited net tangible asset value ("**NTA**") of each of the Sale Companies as at 30 September 2016, which is S\$1,939,000 in respect of PUS (converted from US\$1,420,513 as set out in its unaudited management accounts at the exchange rate of US\$1.00:S\$1.365), and S\$27,983,000 in respect of PUV.

##### **4.2 Conditions Precedent**

Completion of the Sale and Purchase Agreement ("**Completion**") is conditional upon the satisfaction of the following conditions precedent:

- (a) the approval of the Board for the sale of the Sale Shares, and the transactions contemplated in the Sale and Purchase Agreement, the Transitional Services Deed (as defined below) and the Licence Agreements (as defined below);
- (b) the Company obtaining the prior approval of its shareholders in a general meeting (the "**EGM**") for the sale of the Sale Shares on the terms and subject to the conditions of the Sale and Purchase Agreement; and
- (c) all other consents and approvals required under any and all applicable laws for the sale of the Sale Shares and to give effect to the transactions contemplated in the Sale and Purchase Agreement being obtained.

If the aforesaid conditions precedent are not satisfied (or waived, where applicable) on or before 31 December 2016 or such other date as Parties shall mutually agree in writing, the Sale and Purchase Agreement shall be terminated in accordance with its terms.

##### **4.3 Terms of Payment**

On Completion, the Purchaser shall pay to the Company by telegraphic transfer of the Consideration to an account designated by the Company, or a cashier's order or banker's draft drawn on a bank licensed in Singapore and made out in favour of the Company, or in such other manner as may be agreed between the Company and the Purchaser in writing.

#### **5. OTHER MATERIAL DOCUMENTS AND INFORMATION**

5.1 In connection with the Proposed Disposal, the following agreements will be entered into on Completion:

(a) **Transitional Services Deed**

In order to facilitate an orderly transfer of ownership of the Sale Companies, the Company and the Sale Companies will be entering into a transitional services deed (the

**"Transitional Services Deed")** in relation to the provision of the following transitional services from the Company to the Sale Companies:

- (i) strategic management and business development;
  - (ii) human resource management and office administration support; and
  - (iii) information technology support,
- (collectively, the "**Services**").

The Transitional Services Deed shall be for a period of 12 months from the date of Completion (the "**Initial Term**"). Upon the conclusion of the Initial Term, the Transitional Services Deed may be renewed for a period of one year by mutual agreement in writing of the parties, no later than one month from the end of the Initial Term. Any subsequent renewals shall be for a period of one year, by mutual agreement in writing of the Parties no later than one month from the end of the previous renewed term.

Pursuant to the terms of the Transitional Services Deed, the Company shall procure its wholly-owned subsidiary, Pan-United Investments Pte Ltd ("**PUI**"), to waive the monthly rent payable by PUS to PUI under a tenancy agreement dated 15 September 2016 between PUI and PUS, in relation to the rental by PUS of part of the premises known as 7 Temasek Boulevard #16-01 Suntec Tower One Singapore 038987 (the "**Sub-Lease**") for the Initial Term.

The Company shall not charge any fees for providing the Services during the Initial Term. If the Transitional Services Deed is renewed after the Initial Term, the Sale Companies shall pay to the Company, an aggregate amount of S\$200,000 per annum for the Services, subject to annual review due to changes in market conditions and cost.

(b) Licence Agreements

In order to allow the Sale Companies to continue operating their shipping activities and contracts entered with third parties, the Company will be entering into (i) a licence agreement with PUS (the "**PUS Licence Agreement**"), and (ii) a licence agreement with PUV (the "**PUV Licence Agreement**" and together with the PUS Licence Agreement, the "**Licence Agreements**"). In consideration of the payment of S\$1.00 by each Sale Company under the respective Licence Agreements and subject to the terms set out therein, the Company shall, for a period of three years from the date of Completion unless extended by mutual agreement, grant to each Sale Company a non-exclusive, non-transferable, non-sublicensable and royalty-free licence to:

- (i) subject to the approval of any relevant regulatory authorities, use the Company's "Pan-United" trade name in any language (the "**Trade Name**") as part of each Sale Company's corporate name, which shall only be used in connection with the conduct of each Sale Company's shipping business; and
- (ii) use the Trade Name and certain registered or pending trade mark applications of the Company (the "**Trade Marks**") for the purposes of and in connection with conducting each Sale Company's shipping business, including the sale, advertising or promotion of each Sale Company's products and services offered as part of its shipping business,

insofar as the Company has such rights thereto.

- 5.2 The Company has been continuously evaluating proposals from third party purchasers (the "**Potential Third Party Purchasers**") for the divestment of the tugboats and barges owned by PUV. However, as there was no certainty that any of such tugboats and barges would be sold to the Potential Third Party Purchasers, and the Company was close to finalising the terms of the Sale and Purchase Agreement with the Purchaser, the Board had decided to enter into the Sale and Purchase Agreement with the Purchaser.

As at the date of this Announcement, no agreement has been entered into with any Potential Third Party Purchaser in relation to any sale of such tugboats and barges.

As there may be further developments relating to the above after the date of this Announcement, shareholders of the Company are advised to refer to the Company's announcements on SGXNET for the latest developments.

## 6. **FINANCIAL EFFECTS**

- 6.1 The Consideration is based on the aggregate unaudited NTA represented by the Sale Shares of S\$29,922,000 as at the Sale Companies' unaudited financial statements for the period ended 30 September 2016. For reference, the unaudited NTA of the Sale Companies as at 30 June 2016 is S\$1,157,000. The unaudited NTA of the Sale Companies as at 30 September 2016 of S\$29,922,000 included a capitalisation of an amount of S\$38,650,000 owing by PUS to PUC and a dividend payment of S\$8,207,000 by PUV to PUC.
- 6.2 Assuming that the Proposal Disposal is completed on 30 September 2016, the Group would not realise any excess or deficit of proceeds over the net book value of the Sale Companies nor any gain or loss from the Proposed Disposal.
- 6.3 The pro forma financial effects analysis of the Proposed Disposal has been prepared on the following key bases and assumptions:
- (a) the financial effects of the Proposed Disposal on the NTA per share and earnings per share ("**EPS**") of the Company are based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2015;
  - (b) for the purposes of illustrating the financial effects of the Proposed Disposal on the NTA per share of the Company, it is assumed that the Proposed Disposal had been completed on 31 December 2015;
  - (c) for the purposes of illustrating the financial effects of the Proposed Disposal on the EPS of the Company, it is assumed that the Proposed Disposal had been completed on 1 January 2015;
  - (d) the NTA per share of the Company is computed based on the 559,777,660 ordinary shares of the Company in issue (the "**Shares**") as at 31 December 2015 (excluding 2,041,000 treasury shares), and the EPS of the Company is computed based on the weighted average number of 559,777,660 Shares in issue as at 31 December 2015 (excluding 2,041,000 treasury shares); and
  - (e) the financial effects of the Proposed Disposal are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the NTA per share and EPS of the Company, nor do they represent the future financial performance and/or position of the Company immediately following Completion.

#### 6.4 Effect of the Proposed Disposal on the NTA per share

On the bases and assumptions set out in paragraph 6.3 above, the pro forma effect of the Proposed Disposal on the NTA per share of the Company is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA (S\$'000)	255,422	252,298
NTA per share (Singapore cents)	45.63	45.07

#### 6.5 Effect of the Proposed Disposal on EPS

On the bases and assumptions set out in paragraph 6.3 above, the pro forma effect of the Proposed Disposal on the EPS of the Company is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Profit after tax and minority interests attributable to shareholders (S\$'000)	20,311	16,558
EPS (Singapore cents)	3.6	3.0

### 7. RELATIVE FIGURES OF THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the 30 June 2016 Financial Statements (being the most recent available unaudited consolidated financial statements of the Group), the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows for the Proposed Disposal:

<u>Listing Rule</u>	<u>Bases</u>	<u>Relative Figures (%)</u>
1006(a)	The aggregate net asset value (" <b>NAV</b> ") of the Sale Shares to be disposed of, compared with the Group's NAV	0.39 <sup>1</sup>
1006(b)	The aggregate net profits <sup>2</sup> attributable to the Sale Shares disposed, compared with the Group's net profits	-29.47 <sup>3</sup>
1006(c)	The aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of Shares in issue (excluding treasury shares)	9.06 <sup>4</sup>
1006(d)	The number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities of the Company previously in issue	N.A. <sup>5</sup>

1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	N.A. <sup>6</sup>
---------	---	-------------------

**Notes:**

1. Based on the aggregate NAV of the Sale Shares as at 30 June 2016 of S\$1,157,000, divided by the Group's NAV as at 30 June 2016 of S\$296,002,000.
2. Net profits refer to profit before income tax, minority interests and exceptional items.
3. Based on the aggregate unaudited net loss attributable to the Sale Shares for the six months ended 30 June 2016 of S\$4,141,000, divided by the Group's unaudited net profit for six months ended 30 June 2016 of S\$14,051,000.
4. Market capitalisation of the Company as at 4 October 2016, being the date of signing of the Sale and Purchase Agreement, is S\$330,268,819.
5. Not applicable as no equity securities will be issued by the Company in connection with the Proposed Disposal.
6. Not applicable as the Company is not a mineral, oil and gas company.

The Company had obtained confirmation from the Singapore Exchange Securities Trading Limited that the negative relative figure under Rule 1006(b) does not give a meaningful indication of the significance of the Proposed Disposal to the Company. Accordingly, the Proposed Disposal shall constitute a "discloseable transaction" under Chapter 10 of the Listing Manual.

## **8. INTERESTED PERSON TRANSACTION**

The Purchaser is wholly-owned by Jane Kimberly Ng Bee Kiok and Ng Bee Bee, who are Directors and controlling shareholders of the Company and Ng Han Whatt, a controlling shareholder of the Company. Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt are also directors of the Purchaser. The Purchaser is therefore an "interested person" and the Proposed Disposal constitutes an "interested person transaction" within the meaning of Chapter 9 of the Listing Manual.

The Consideration of S\$29,922,000 represents approximately 11.71% of the latest audited NTA of the Group as at 31 December 2015, which amounts to \$255,422,000. Together with the Company's estimated cost in the aggregate of S\$200,000 for (a) providing the Services to the Sale Companies pursuant to the Transitional Services Deed, (b) waiving the monthly rental payable by PUS for the Sub-Lease, and (c) granting the licence to the Sale Companies under the respective Licence Agreements, as described in greater detail under paragraph 5.1 of this Announcement, the aggregate transaction value amounts to approximately S\$30,122,000 and approximately 11.79% of the latest audited NTA of the Group as at 31 December 2015. In accordance with Chapter 9 of the Listing Manual, the Proposed Disposal is an interested person transaction, the aggregate transaction value of which is more than 5% of the latest audited NTA of the Group, and is hence subject to the approval of shareholders of the Company at the EGM. Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt, as well as their respective associates (including Patrick Ng Bee Soon, a Director and substantial shareholder of the Company, who is deemed to be an associate under the Listing Manual by virtue of him being an immediate family member of Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt), will abstain from voting on the Proposed Disposal in respect of their respective shareholdings in the Company.

Other than in connection with the Proposed Disposal, and transactions less than S\$100,000, the Company has not entered into any other interested person transactions in the current financial year.

**9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

The Purchaser is wholly-owned by Jane Kimberly Ng Bee Kiok and Ng Bee Bee, who are Directors and controlling shareholders of the Company and Ng Han Whatt, a controlling shareholder of the Company. In addition, Patrick Ng Bee Soon, who is a Director and substantial shareholder of the Company, is an immediate family member of Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt, and is therefore deemed to be an associate under the Listing Manual.

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal. No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal.

**10. INDEPENDENT FINANCIAL ADVISER**

Deloitte & Touche Corporate Finance Pte Ltd has been appointed by the Company as the independent financial adviser (the "**IFA**") to advise the independent Directors on the Proposed Disposal.

The Audit Committee of the Company is obtaining an opinion from the IFA before forming its view, which will be disclosed in the Shareholders' Circular, on whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

**11. SHAREHOLDERS' CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION**

The Shareholders' Circular containing, *inter alia*, further details of the Proposed Disposal and enclosing the notice of the EGM will be despatched to shareholders of the Company in due course.

Copies of the Sale and Purchase Agreement, the Valuation Certificates, the agreed form of the Licence Agreements and the agreed form of the Transitional Services Deed may be inspected at the registered office of the Company at 7 Temasek Boulevard, #16-01, Suntec Tower One, Singapore 038987 during normal business hours for a period of three months from the date of this Announcement.

By Order of the Board  
**PAN-UNITED CORPORATION LTD.**

Lynn Wan Tiew Leng  
Joint Company Secretary  
4 October 2016