

## Executive Summary

On 3 May 2017, Pan-United Corporation Ltd. (“PanU”) announced that it is proposing to undertake the Proposed Transactions that will include the following:

- **Renounceable non-underwritten rights issue** of PanU shares;
- **De-merger** of PanU’s wholly-owned subsidiary, Xinghua Port Holdings Pte. Ltd. (“Xinghua”); and
- **Listing of Xinghua** by way of an introduction on the Stock Exchange of Hong Kong (“SEHK”)

### **Rationale of the Proposed Transactions**

PanU believes that the Proposed Transactions are beneficial to its shareholders as a whole for the reasons set out below:

**The establishment of two  
“pure play” listed companies**

**Greater visibility and understanding  
of the two separate businesses:  
(1) Concrete & Cement; and (2) Ports,  
on a stand-alone basis**

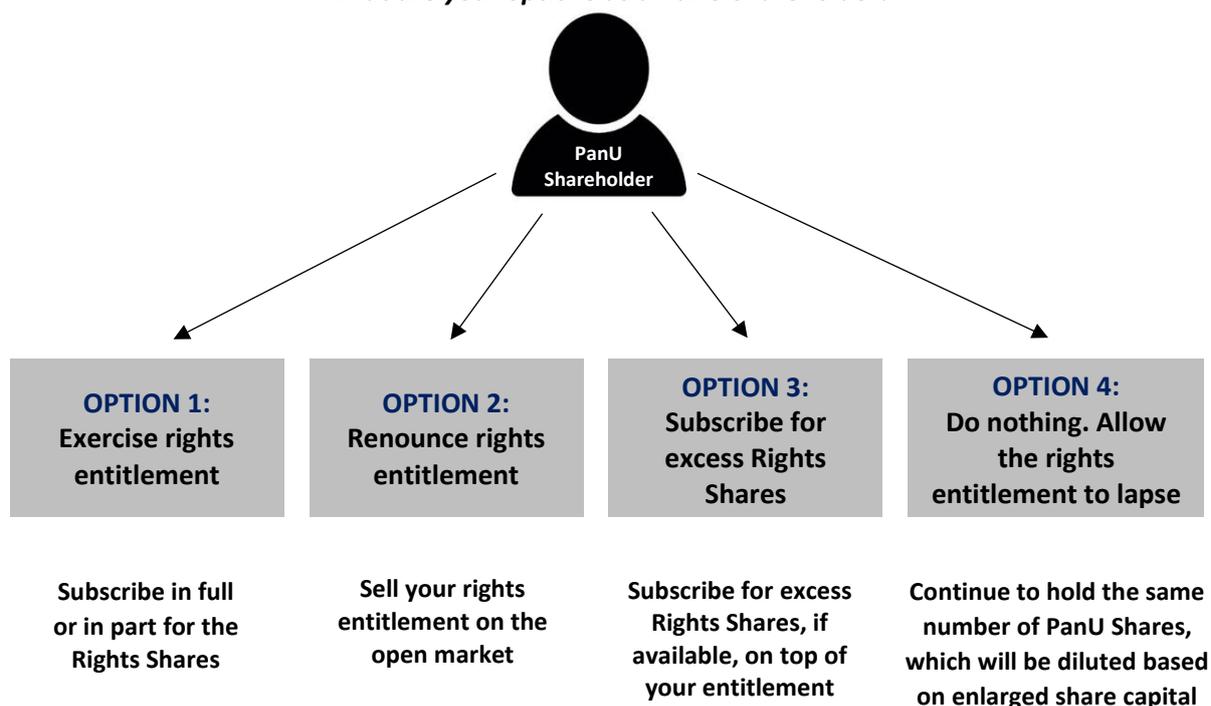
**Optimise capital structure**

**Financial autonomy and direct access  
to capital markets**

## Proposed Rights Issue of PanU Shares

As a shareholder, you will be entitled to subscribe to 1 Rights Share for every 4 existing ordinary shares (“PanU Shares”) you hold in PanU as at the books closure date to be announced at a later date. The issue price of each Rights Share is S\$0.43, which represents a discount of approximately 41.1% and 33.6% to the closing price of S\$0.73 as at 2 May 2017 and the theoretical ex-rights trading price of S\$0.65<sup>1</sup> per share respectively.

### What are your options as a PanU shareholder?\*



*\*Proposed Rights Issue Scenario: A shareholder owns 1,000 shares. His full rights entitlement is 250 shares. To fully subscribe to his rights entitlement, he only needs to pay S\$107.50 for 250 shares.*

<sup>1</sup> Note (1): The theoretical ex-rights trading price is the theoretical market price of each Share assuming that the maximum of 141,555,538 Rights Shares are issued pursuant to the Proposed Rights Issue and computed based on the closing price of S\$0.73 per Share on the SGX-ST on 2 May 2017, being the last Market Day on which the Shares were traded preceding the date of this announcement, and the ex-dividend date of the one-tier tax-exempted final ordinary dividend of 2.75 cents per Share for the financial year ended 31 December 2016 on the date of the announcement.

## Proposed De-merger of Xinghua

The Proposed De-merger will include the following transactions:

<b>Proposed Restructuring</b>	<ul style="list-style-type: none"> <li>• An existing S\$102.0 million inter-company loan owing by Xinghua to PanU will be capitalised into Xinghua shares</li> <li>• Xinghua acquires the remaining 10.0% of the total issued and paid-up share capital of its subsidiary, Singapore Changshu Development Company Pte Ltd from Petroships Investment Pte Ltd, via a proposed share swap</li> </ul>
<b>Proposed Capital Reduction and Proposed Distribution</b>	<ul style="list-style-type: none"> <li>• A proposed distribution in specie of PanU's entire shareholding in Xinghua to the existing shareholders of PanU on the indicative basis of 1 Xinghua Share for every 2 existing PanU Shares held by the entitled shareholders (or such other ratio as may be determined by the Directors, in their absolute discretion, at a later date) ("Proposed Distribution")</li> <li>• The Proposed Distribution will be effected by way of a proposed capital reduction by PanU with the Court's sanction, in accordance with the Companies Act of Singapore</li> </ul>
<b>Proposed Share Incentive Scheme</b>	<ul style="list-style-type: none"> <li>• In conjunction with the Proposed Distribution, Xinghua intends to issue new Xinghua shares of up to 5% in the enlarged share capital of Xinghua to selected employees and business partners at a price to be determined</li> </ul>
<b>Proposed Listing</b>	<ul style="list-style-type: none"> <li>• Listing of Xinghua by way of an introduction on the main board of SEHK</li> <li>• An application will be made to SEHK in due course for the listing of and permission to deal in the Xinghua shares</li> <li>• The Proposed Listing will be subject to the final approval by the relevant authorities</li> </ul>

## Important points to note

The Proposed De-merger will be subject to the approval of the shareholders of PanU at an extraordinary general meeting to be convened.

- The Board reserves the right to explore underwriting arrangements at a later stage.
- There is no assurance that the Proposed Transactions will materialise in due course or at all.
- The Proposed Transactions are subject to, amongst others, the requisite approvals from the relevant regulatory authorities and the Shareholders being obtained.
- The Proposed De-merger Transactions will take place after the completion of the Proposed Rights Issue. However, the Proposed Rights Issue is NOT conditional upon the Proposed De-merger Transactions.
- The Company reserves the right **NOT** to complete the Proposed De-merger Transactions if it no longer considers the Proposed De-merger Transactions to be in the best interests of the Company and/or if the requisite approvals required for all or any of the Proposed De-merger Transactions have not been or cannot practicably be obtained.

**PanU will provide timely updates as and when there are any material developments with regards to the Proposed Transactions.**