

CIRCULAR DATED 15 NOVEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Pan-United Corporation Ltd., please forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.



PAN-UNITED CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199106524G)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF
PAN-UNITED SHIPPING PTE LTD AND P.U. VISION PTE LTD**

Independent Financial Adviser in relation to the Proposed Disposal

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200200144N)

IMPORTANT DATES AND TIMES

- Last date and time for lodgement of Proxy Form : Monday, 28 November 2016 at 3.00 p.m.
- Date and time of Extraordinary General Meeting : Wednesday, 30 November 2016 at 3.00 p.m.
- Place of Extraordinary General Meeting : Ficus Ballroom, Level 2
Jurong Country Club
9 Science Centre Road
Singapore 609078

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“Audit Committee”	:	The Audit Committee of the Company.
“Board”	:	Board of Directors of the Company.
“CDP”	:	The Central Depository (Pte) Limited.
“Circular”	:	This circular dated 15 November 2016 to Shareholders.
“Companies Act”	:	The Companies Act (Chapter 50 of Singapore) as amended or modified from time to time.
“Company”	:	Pan-United Corporation Ltd.
“Completion”	:	Completion of the Proposed Disposal.
“Consideration”	:	The aggregate consideration of S\$29,922,000 payable by the Purchaser to the Company for the Sale Shares.
“Directors”	:	The directors of the Company for the time being.
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out on page 34 of this Circular.
“EPS”	:	Earnings per Share.
“Group”	:	The Company, its subsidiaries and its associated companies.
“IFA”	:	Deloitte & Touche Corporate Finance Pte Ltd, the independent financial adviser appointed in relation to the Proposed Disposal.
“IFA Letter”	:	The letter dated 15 November 2016 from the IFA, addressed to the Independent Directors, a copy of which is annexed as Appendix A to this Circular.
“Independent Directors”	:	The Directors excluding Patrick Ng Bee Soon, Ng Bee Bee and Jane Kimberly Ng Bee Kiok.
“Initial Term”	:	The initial term of the Transitional Services Deed, which is a period of 12 months from the date of Completion.
“Latest Practicable Date”	:	3 November 2016, being the latest practicable date prior to the printing of this Circular.
“Licence Agreements”	:	The PUS Licence Agreement and the PUV Licence Agreement.

“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time.
“NAV”	:	Net asset value.
“NTA”	:	Net tangible assets.
“Proposed Disposal”	:	The proposed disposal by the Company of its entire legal and beneficial ownership of the Sale Shares, free from all encumbrances and with all rights, dividends, benefits, entitlements and advantages attaching thereto at Completion, on the terms and subject to the conditions of the Sale and Purchase Agreement.
“PUI”	:	Pan-United Investments Pte. Ltd., a wholly-owned subsidiary of the Company.
“Purchaser”	:	Sedgefield Corporation Pte. Ltd.
“PUS”	:	Pan-United Shipping Pte Ltd, a wholly-owned subsidiary of the Company.
“PUS Licence Agreement”	:	The licence agreement to be entered between the Company and PUS, in relation to the use of the Company’s Trade Name and Trade Marks for the purposes of PUS’ shipping business.
“PUV”	:	P.U. Vision Pte Ltd, a wholly-owned subsidiary of the Company.
“PUV Licence Agreement”	:	The licence agreement to be entered between the Company and PUV, in relation to the use of the Company’s Trade Name and Trade Marks for the purposes of PUV’s shipping business.
“Sale and Purchase Agreement”	:	The conditional sale and purchase agreement entered into between the Company and the Purchaser on 4 October 2016 in relation to the sale and purchase of the Sale Shares.
“Sale Companies”	:	PUS and PUV.
“Sale Shares”	:	41,150,000 ordinary shares representing 100% of the share capital of PUS and 1,100,000 ordinary shares representing 100% of the share capital of PUV.
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account.
“Services”	:	The transitional services to be provided by the Company to the Sale Companies pursuant to the Transitional Services Deed.

“SFA”	:	The Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time.
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited.
“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts.
“Shares”	:	Fully paid ordinary shares in the issued share capital of the Company.
“Shipping Division”	:	The shipping division of the Group, consisting of the Tug and Barge Business as well as the provision of logistics, ship chartering and ship agency services.
“Sub-Lease”	:	The lease of part of the premises of 7 Temasek Boulevard #16-01 Suntec Tower One Singapore 038987 from PUI to PUS pursuant to the tenancy agreement dated 15 September 2016.
“Substantial Shareholder”	:	A Shareholder who has an interest in one or more voting Shares in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares (excluding treasury shares) in the Company.
“S\$”	:	The lawful currency of the Republic of Singapore.
“Trade Marks”	:	The registered or pending trade mark applications of the Company, the use of which is to be granted by the Company to the Sale Companies pursuant to the relevant Licence Agreements.
“Trade Name”	:	The “Pan-United” name in any language.
“Transitional Services Deed”	:	The transitional services deed to be entered between the Company and the Sale Companies in relation to the provision of transitional services from the Company to the Sale Companies.
“Tug and Barge Business”	:	The tug and barge business of the Shipping Division.
“US\$”	:	The lawful currency of the United States of America.
“Valuation”	:	The independent desktop valuation conducted by the Valuer on the 12 tugboats and 10 barges owned by PUV.

- “Valuation Certificates”** : The valuation certificates in respect of the Valuation of each of the vessels, a consolidated version of which is annexed as Appendix B to this Circular.
- “Valuer”** : ALC Consulting Services Pte. Ltd.
- “%” or “per cent.”** : Per centum or percentage.

The expressions **“Depositor”** and **“Depository Register”** shall have the respective meanings ascribed to them respectively in Section 81SF of the SFA.

The terms **“associate”**, **“controlling shareholder”**, **“entity at risk”**, **“interested person”** and **“interested person transaction”** shall have the meanings ascribed to them respectively in the Listing Manual.

The term **“subsidiary”** has the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

Any discrepancies in tables included herein between the amounts in the columns of the tables and the totals thereof and relevant percentages (if any) are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

In this Circular, unless otherwise stated, the total number of issued Shares is 559,777,660 Shares, excluding 2,041,000 treasury shares as at the Latest Practicable Date.

PAN-UNITED CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199106524G)

Directors:

Mr Ch'ng Jit Koon (*Chairman & Independent Director*)
Mr Patrick Ng Bee Soon (*Deputy Chairman*)
Ms Ng Bee Bee (*Chief Executive Officer*)
Ms Jane Kimberly Ng Bee Kiok (*Executive Director*)
Mr Cecil Vivian Richard Wong (*Independent Director*)
Mr Lee Cheong Seng (*Independent Director*)
Mr Phua Bah Lee (*Independent Director*)
Mr Tay Siew Choon (*Independent Director*)

Registered Office:

7 Temasek Boulevard
#16-01
Suntec Tower One
Singapore 038987

15 November 2016

To: The Shareholders of Pan-United Corporation Ltd.

Dear Sir/Madam

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

1. INTRODUCTION

- 1.1 On 4 October 2016, the Company announced that it had on 4 October 2016 entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with Sedgefield Corporation Pte. Ltd. (the "**Purchaser**"), for the sale (the "**Proposed Disposal**") of the entire issued and paid-up share capital of its wholly-owned subsidiaries, Pan-United Shipping Pte Ltd ("**PUS**") and P.U. Vision Pte Ltd ("**PUV**").
- 1.2 The Directors are convening the EGM to seek Shareholders' approval for the Proposed Disposal.
- 1.3 The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal to be tabled at the EGM.
- 1.4 The SGX-ST takes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED DISPOSAL

2.1 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. After Completion of the Proposed Disposal, the Group will not own any tugboats and barges. However, the Shipping Division will continue to provide logistics, ship chartering and ship agency services.

(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. Trading is an ancillary service provided to certain customers of PUS upon request. Presently, PUS does not own any vessels and charters them from PUV and other third parties to carry on its shipping activities. In the past three years, PUS has transported and traded granite with the Group.

(b) PUV

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

The table below sets out the financial performance of PUS and PUV, on a combined unaudited pro forma basis, for the financial years ended 31 December 2013, 2014 and 2015, and last two 9-month periods ended 30 September, that is 9M2015 and 9M2016. The financial statements below are presented in Singapore dollars. Further details on the table below may be found in the IFA Letter attached as Appendix A to this Circular.

S\$'000	Unaudited				
	FY2013	FY2014	FY2015	9M2015	9M2016
Revenue	26,725	29,950	23,237	17,926	7,034
Gross Profit	11,754	12,578	10,420	8,063	4,818
EBITDA	3,678	2,534	1,402	1,177	(2,259)
Net Loss	(544)	(1,689)	(2,823)	(2,004)	(5,421)

The table below sets out the unaudited pro forma balance sheet of the Sale Companies, on a combined basis, as at 30 September 2016. Further details on the table below may be found in the IFA Letter attached as Appendix A to this Circular.

Unaudited pro forma balance sheet of the Sale Companies

(S\$'000)	As at 30 September 2016
Cash	3,023
Trade receivables, inventories and other assets	2,267
Total Current Assets	5,290
Vessels and equipment	26,965
Club memberships	356
Total Non-current Assets	27,321
TOTAL ASSETS	32,611
Trade and other Payables	2,689
Total Current Liabilities	2,689
TOTAL LIABILITIES	2,689
Share Capital	42,250
Foreign currency translation reserve	(3,976)
Accumulated (losses)/profits	(8,352)
Total Shareholders' Equity	29,922
TOTAL LIABILITIES AND EQUITY	32,611

For reference, as at 30 September 2016, there are no loans outstanding between PUS or PUV and the Company and no guarantees or collaterals provided by PUS or PUV to the Company or by the Company to PUS or PUV. In addition, save for an impairment for a club membership of US\$24,705 in 2013, there are no impairment losses or provisions at the PUS or PUV level for the past three years.

2.2 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.

Save as disclosed above, there is no connection or business relationship between the Company or the Directors and the Purchaser or its directors. To the best of the Company's knowledge, save as disclosed in this Circular, there is no connection or business relationship between the Substantial Shareholders of the Company and the Purchaser or its directors.

2.3 Valuation

The Company had commissioned ALC Consulting Services Pte. Ltd. (the "**Valuer**") 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 are available for inspection in accordance with paragraph 16 of this Circular. Please refer to Appendix B for the consolidated Valuation Certificate in respect of the aggregate Valuation of all the vessels.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

3.1 The Group's rationale for the Proposed Disposal, and the benefits to be derived from the Proposed Disposal are as follows:

- (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\$5.4 million for the nine-month period ended 30 September 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.

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. The ship chartering services are primarily for bulk cargo transportation within the region to third parties and agency services are for vessels, primarily bulk carriers, calling at ports in Singapore.

- (b) The Proposed Disposal will allow the Company to continue to focus on its two existing core businesses, the Concrete & Cement business, which supplies materials to the construction industries locally and in the region, and the Ports 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.
- (c) The proceeds from the Proposed Disposal will have the added benefit of lowering the net gearing position 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 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 set out below:

- (i) in respect of PUS, S\$1,939,000 (converted from US\$1,420,513 as set out in its management accounts as at 30 September 2016 at an exchange rate of US\$1:S\$1.365); and
- (ii) in respect of PUV, S\$27,983,000.

4.2 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 and the Licence Agreements;
- (b) the Company obtaining the prior approval of its Shareholders in general meeting 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 the parties shall mutually agree in writing, the Sale and Purchase Agreement shall be terminated in accordance with its terms.

4.3 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.

4.4 The Company did not pay any brokerage fee in connection with the Proposed Disposal.

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 provide continuity and minimise disruption to the operations of the Sale Companies, as well as 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 of S\$8,400 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. The provision of the Services during the Initial Term was included as part of the Proposed Disposal as a whole and was an important factor that the Purchaser had considered in connection with the Proposed Disposal. 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. The aggregate amount of S\$200,000 per annum for the Services was arrived at based on the estimated cost of providing each of the Services and the rental payable by PUS for the Sub-Lease.

(b) Licence Agreements

The Proposed Disposal of the Sale Companies was undertaken as going concern business entities. 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.

The Trade Name and Trade Marks are essential to the Sale Companies as they represent the corporate names and identities of the Sale Companies as well as their reputation and business. In addition, the vessels owned by PUV also bear the Trade Name and/or Trade Marks. New contracts with third parties will continue to be entered into by the Sale Companies as legal entities and hence, will require the use of the Trade Name and Trade Marks.

Pursuant to the terms of the Licence Agreements, the Sale Companies agree and undertake that the nature and quality of all services rendered by them under or in connection with the Trade Name and the Trade Marks and all related advertising, promotional and other related uses of the same shall conform to quality and other standards prescribed by the Company. The Company's interest in the Trade Name and Trade Marks is protected as the Company may immediately terminate the Licence Agreements if there is a breach in the above stated condition and the Sale Companies fail to remedy such breach within 30 days of receiving written notice of such breach from the Company.

The Independent Directors will evaluate any subsequent renewal of the Transitional Services Deed and the Licence Agreements. In this regard, if Shareholders' approval under Chapter 9 of the Listing Manual is required before the Company undertakes any such renewal, the Company will consider whether to obtain Shareholders' specific approval or a general mandate, depending on the prevailing circumstances and whether the renewal is one-off or is likely to be recurrent.

- 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 Latest Practicable Date, 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 Latest Practicable Date, Shareholders are advised to refer to the Company's announcements on SGXNET for the latest developments.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 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.
- 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 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 Shares in issue 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:

	Before the Proposed Disposal	After the Proposed Disposal
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:

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

7. DISCLOSEABLE TRANSACTION

7.1 Based on the Group's unaudited third quarter financial statements for the period ended 30 September 2016 (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:

Listing Rule	Bases	Relative Figures (%)
1006(a)	The aggregate net asset value (the " NAV ") of the Sale Shares to be disposed of, compared with the Group's NAV	10.02 ⁽¹⁾
1006(b)	The aggregate net profits ⁽²⁾ attributable to the Sale Shares disposed, compared with the Group's net profits	-21.38 ⁽³⁾
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 ⁽⁴⁾
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. ⁽⁵⁾
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. ⁽⁶⁾

Notes:

- (1) Based on the aggregate NAV of the Sale Shares as at 30 September 2016 of S\$29,922,000 divided by the Group's NAV as at 30 September 2016 of S\$298,657,000.
- (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 nine months ended 30 September 2016 of S\$5,421,000 divided by the Group's unaudited net profit for nine months ended 30 September 2016 of S\$25,350,000.
- (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.

- 7.2 The Company had obtained confirmation from the SGX-ST 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

8.1 Application of the Rules Relating to Interested Person Transactions under the Listing Manual

Under Chapter 9 of the Listing Manual, where an entity at risk (as defined in the Listing Manual) proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5% of the Group’s latest audited NTA, Shareholders’ approval is required in respect of the transaction.

In respect of the Proposed Disposal, the Company is the “entity at risk” for the purposes of Chapter 9 of the Listing Manual. 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 S\$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 Circular, 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 at the EGM.

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.

8.2 Abstention from Voting on the Proposed Disposal

Rule 919 of the Listing Manual requires that interested persons and their associates (as defined in the Listing Manual) must not vote on any Shareholders’ resolution approving any interested person transactions. Accordingly, each of Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt will abstain, and has undertaken to ensure that his/her respective associates (including Patrick Ng Bee Soon, a Director and Substantial Shareholder, who is deemed to be an associate under the Listing Manual by virtue of him being a sibling of Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt) will abstain, from voting on the ordinary resolution to approve the Proposed Disposal as set out in the Notice of EGM.

Patrick Ng Bee Soon, Ng Bee Bee and Jane Kimberly Ng Bee Kiok, being Directors, have also abstained from making any recommendation to Shareholders on the Proposed Disposal. Further, each of Patrick Ng Bee Soon, Ng Bee Bee and Jane Kimberly Ng Bee Kiok shall decline to accept appointment as proxies at the EGM unless the Shareholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

9.1 Interests of Directors

The interests of the Directors in the Shares, based on information as recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date are as follows:

Directors	Direct		Deemed	
	Number of Shares	% of total issued Shares ⁽ⁱ⁾	Number of Shares	% of total issued Shares ⁽ⁱ⁾
Ch'ng Jit Koon	1,298,000	0.23	–	–
Patrick Ng Bee Soon	27,969,630	5.00	–	–
Ng Bee Bee ⁽ⁱⁱ⁾	–	–	326,700,002	58.36
Jane Kimberly Ng Bee Kiok ⁽ⁱⁱⁱ⁾	–	–	327,047,602	58.42
Lee Cheong Seng	2,000,000	0.36	–	–
Cecil Vivian Richard Wong	500,000	0.09	–	–
Phua Bah Lee ^(iv)	1,315,000	0.23	10,000	0.002
Tay Siew Choon	830,000	0.15	–	–

Notes:

- (i) Based on the total number of issued Shares (excluding treasury shares) of 559,777,660 Shares as at the Latest Practicable Date.
- (ii) The deemed interests of Ng Bee Bee comprise the shareholdings of OCBC Trustee Limited held under nominee's account (165,600,000 Shares), Shares in the joint names of Ng Han Whatt, Jane Kimberly Ng Bee Kiok and Ng Bee Bee (153,000,000 Shares) and Shares held by nominees (8,100,002 Shares).
- (iii) The deemed interests of Jane Kimberly Ng Bee Kiok comprise the shareholdings of OCBC Trustee Limited held under nominee's account (165,600,000 Shares), Shares in the joint names of Ng Han Whatt, Jane Kimberly Ng Bee Kiok and Ng Bee Bee (153,000,000 Shares) and Shares held by nominees (8,447,602 Shares).
- (iv) The deemed interests of Phua Bah Lee comprise the shareholdings of Pecly Investments Pte Ltd (10,000 Shares) pursuant to his interest of not less than 20% in the issued shares of Pecly Investments Pte Ltd.

9.2 Interests of Substantial Shareholders

The interests of the Substantial Shareholders of the Company in the Shares, based on information as recorded in the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date are as follows:

Substantial Shareholders	Direct		Deemed	
	Number of Shares	% of total issued Shares ⁽ⁱ⁾	Number of Shares	% of total issued Shares ⁽ⁱ⁾
Ng Han Whatt ⁽ⁱⁱ⁾	5,400,000	0.96	336,560,030	60.12
Patrick Ng Bee Soon	27,969,630	5.00	–	–
Ng Bee Bee ⁽ⁱⁱⁱ⁾	–	–	326,700,002	58.36
Jane Kimberly Ng Bee Kiok ^(iv)	–	–	327,047,602	58.42

Notes:

- (i) Based on the total number of issued Shares (excluding treasury shares) of 559,777,660 Shares as at the Latest Practicable Date.
- (ii) The deemed interests of Ng Han Whatt comprise the shareholdings of OCBC Trustee Limited held under nominee's account (165,600,000 Shares), Shares in the joint names of Ng Han Whatt, Jane Kimberly Ng Bee Kiok and Ng Bee Bee (153,000,000 Shares) and Shares held by nominees (17,960,030 Shares).
- (iii) The deemed interests of Ng Bee Bee comprise the shareholdings of OCBC Trustee Limited held under nominee's account (165,600,000 Shares), Shares in the joint names of Ng Han Whatt, Jane Kimberly Ng Bee Kiok and Ng Bee Bee (153,000,000 Shares) and Shares held by nominees (8,100,002 Shares).
- (iv) The deemed interests of Jane Kimberly Ng Bee Kiok comprise the shareholdings of OCBC Trustee Limited held under nominee's account (165,600,000 Shares), Shares in the joint names of Ng Han Whatt, Jane Kimberly Ng Bee Kiok and Ng Bee Bee (153,000,000 Shares) and Shares held by nominees (8,447,602 Shares).

9.3 Interests in the Proposed Disposal

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 a Substantial Shareholder, is a sibling 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 in this Circular, 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 in connection with the Proposed Disposal.

10. THE OPINION OF THE IFA AND THE AUDIT COMMITTEE

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.

A copy of the IFA Letter is set out in its entirety as Appendix A to this Circular. Shareholders are advised to read the IFA Letter carefully.

Based on the considerations set out in the IFA Letter, and subject to the assumptions and qualifications set out therein, the IFA is of the opinion that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the IFA has advised the Independent Directors to recommend that Shareholders vote in favour of the Proposed Disposal.

The Audit Committee comprises Cecil Vivian Richard Wong, Ch'ng Jit Koon, and Tay Siew Choon, all of whom are non-executive Independent Directors of the Company. The Audit Committee has considered the terms of the Proposed Disposal as well as the advice of the IFA, and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

11. INDEPENDENT DIRECTORS' RECOMMENDATION

Based on the rationale for and the terms of the Proposed Disposal as set out in this Circular, the Independent Directors believe that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the Independent Directors recommend that Shareholders vote at the EGM in favour of the ordinary resolution to approve the Proposed Disposal as set out in the Notice of EGM.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 34 of this Circular, will be held at Ficus Ballroom, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Wednesday, 30 November 2016 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of EGM.

13. CONSENTS

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, and all references to the IFA Letter, in the form and context in which they are included in this Circular.

The Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the Valuation Certificates, and all references thereto, in the form and context in which they appear in this Circular.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 7 Temasek Boulevard #16-01 Suntec Tower One Singapore 038987, not less than 48 hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM if he wishes to do so.

A Depositor shall not be regarded as a member entitled to attend, speak and vote at the EGM unless his name appears in the Depository Register 72 hours before the time appointed for holding the EGM.

Persons who have an interest in the approval of the resolution must decline to accept appointment as proxies unless the Shareholder concerned has given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

16. DOCUMENTS FOR INSPECTION

Copies of the following documents 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 Circular:

- (a) the Sale and Purchase Agreement;
- (b) the agreed form of the Licence Agreements;
- (c) the agreed form of the Transitional Services Deed;
- (d) the IFA Letter; and
- (e) the Valuation Certificates.

Yours faithfully

For and on behalf of the Board of Directors of
PAN-UNITED CORPORATION LTD.

Ch'ng Jit Koon
Chairman

APPENDIX A

IFA LETTER

15 November 2016

The Independent Directors
Pan-United Corporation Ltd.
7 Temasek Boulevard
#16-01
Suntec Tower One
Singapore 038987

Dear Sirs

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

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 15 November 2016 to the Shareholders of Pan-United Corporation Ltd. (the "Circular").

1. INTRODUCTION

1.1. On 4 October 2016, Pan-United Corporation Ltd. (the "**Company**") announced (the "**Announcement**") that it had entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") on 4 October 2016 with Sedgefield Corporation Pte. Ltd. (the "**Purchaser**"), for the sale (the "**Proposed Disposal**") of the entire issued and paid-up share capital of its wholly-owned subsidiaries, Pan-United Shipping Pte Ltd ("**PUS**") and P.U. Vision Pte Ltd ("**PUV**") (collectively referred as "**Sale Companies**"), for the aggregate amount of S\$29,922,000 ("**Consideration**"), which 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.

In connection with the Proposed Disposal, the Company and the Sale Companies will be entering into a transitional services deed (the "**Transitional Services Deed**"). In addition, 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**").

1.2. 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 S\$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, 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 at the EGM.

Accordingly, each of Jane Kimberly Ng Bee Kiok, Ng Bee Bee and Ng Han Whatt will abstain, and has undertaken to ensure that his/her respective associates (including Patrick Ng Bee Soon, a Director and Substantial Shareholder, 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 ordinary resolution to approve the Proposed Disposal. Therefore, Mr Ch'ng Jit Koon, Mr Cecil Vivian Richard Wong, Mr Lee Cheong Seng, Mr Phua Bah Lee and Mr Tay Siew Choon are the Directors who are deemed to be independent for the purpose of the Proposed Disposal (the “**Independent Director**”).

Deloitte & Touche Corporate Finance Pte Ltd (“DTCF”), has been appointed as the independent financial adviser to the Independent Directors.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

We were neither a party to the negotiations entered into in relation to the Proposed Disposal nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Disposal.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Proposed Disposal. All such evaluations, advice, judgements or comments remain the responsibility of the Directors and their advisers. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of the Company. We do not express any view as to the price at which the Shares may trade nor on the future value, financial performance or condition of the Company.

It is also not within our terms of reference to compare the merits of the Proposed Disposal to any alternative arrangements that were or may have been available to the Company. Such comparison and consideration remain the responsibility of the Directors and their advisers.

We have relied upon the assurances of the Directors who have accepted full responsibility for the accuracy and completeness of the information provided to us. The Directors have confirmed to us that to the best of their knowledge, information and belief, all material information available to them in connection with the Proposed Disposal have been disclosed to us and that such information constitutes full and true disclosure of all material information relating to such transactions and that there is no other information the omission of which would cause any of the information disclosed to us or relied on by us in making our recommendation to be inaccurate, incomplete, untrue or misleading in any material respect. We have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information (including information extracted from public sources) and have found no reason to doubt the accuracy or reliability of such information.

We have not made an Independent evaluation or appraisal of the assets and liabilities of the Company, the Group or the Sale Companies (including without limitation, property, plant and equipment). However, we have been furnished with the independent desktop valuation on 22 tugboats and barges (“**Tugboats and Barges**”) owned by PUV, prepared by ALC Consulting Services Pte Ltd (the “**ALC**” or “**Valuer**”). Please refer to Appendix B of the Circular for the

consolidated valuation certificate in respect of the aggregate valuation of all the Tugboats and Barges.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Shareholders should take note of any announcements relevant to their considerations of the Proposed Disposal which may be released by the Company after the Latest Practicable Date.

The Company has been separately advised by its own legal adviser in the preparation of the Circular other than this letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except as for this letter.

Our opinion in relation to the Proposed Disposal as set out under Section 6 of this letter should be considered in the context of the entirety of our advice. While a copy of this letter may be reproduced in the Circular, the Company may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for the purpose stated herein, without our prior written consent in each instance.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. As Shareholders will have different investment objectives, we advise Independent Directors to recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

3. DETAILS ON THE PROPOSED DISPOSAL

3.1. 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**”) that 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.

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. Trading is an ancillary service provided to certain customers of PUS upon request. Presently, PUS does not own any vessels and charters them from PUV and other third parties to carry on its shipping activities. In past three years, PUS has transported and traded granite with the Group.

PUV

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

Based on information provided by management, we note that PUS and PUV are separate entities, but operate as one business. Therefore we have evaluated the financial results of the Sale Companies in Section 4 of this Letter based on a combined pro forma basis.

3.2. 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. The Purchaser was incorporated for the purpose of the Proposed Disposal and has not carried out any other activities other than those in connection with the Proposed Disposal.

Save as disclosed above, there is no connection or business relationship between the Company or the Directors and the Purchaser or its directors. Save as disclosed in the Circular, there is no connection or business relationship between the Substantial Shareholders of the Company and the Purchaser or its directors.

3.3. Details of the Proposed Disposal

Sale and Purchase Agreement

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, 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 NTA of each of the Sale Companies as at 30 September 2016 set out below:

- (i) in respect of PUS, S\$1,939,000 (converted from US\$1,420,513 as set out in its management accounts as at 30 September 2016 at an exchange rate of US\$1:S\$1.365); and
- (ii) in respect of PUV, S\$27,983,000.

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 and the Licence Agreements;
- (b) the Company obtaining the prior approval of its shareholders in general meeting 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.

Transitional Services Deed

The Company and the Sale Companies will be entering into a 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 of S\$8,400 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. The provision of the Services during the Initial Term was included as part of the Proposed Disposal as a whole and was an important factor that the Purchaser had considered in connection with the Proposed Disposal. 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. The aggregate amount of S\$200,000 per annum for the Services was arrived at based on the estimated cost of providing each of the Services and the rental payable by PUS for the Sub-Lease.

License Agreements

The Proposed Disposal of the Sale Companies was undertaken as going concern business entities. 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, being the PUS Licence Agreement, and (ii) a licence agreement with PUV, being the PUV Licence Agreement. 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.

The Trade Name and Trade Marks are essential to the Sale Companies as they represent the corporate names and identities of the Sale Companies as well as their reputation and business. In addition, the vessels owned by PUV also bear the Trade Name and/or Trade Marks. New contracts with third parties will continue to be entered into by the Sale Companies as legal entities and hence, will require the use of the Trade Name and Trade Marks.

Pursuant to the terms of the Licence Agreements, the Sale Companies agree and undertake that the nature and quality of all services rendered by them under or in connection with the Trade Name and the Trade Marks and all related advertising, promotional and other related uses of the same shall conform to quality and other standards prescribed by the Company. The Company's interest in the Trade Name and Trade Marks is protected as the Company may immediately terminate the License Agreements if there is a breach in the above stated condition and the Sale Companies fail to remedy such breach within 30 days of receiving written notice of such breach from the Company.

The Independent Directors will evaluate any subsequent renewal of the Transitional Services Deed and the Licence Agreements. In this regard, if Shareholders' approval under Chapter 9 of the Listing Manual is required before the Company undertakes any such renewal, the Company will consider whether to obtain Shareholders' specific approval or a general mandate, depending on the prevailing circumstances and whether the renewal is one-off or is likely to be recurrent.

4. KEY FINANCIAL INFORMATION OF SALE COMPANIES

4.1. Financial Information of the Sale Companies

The table below sets out the financial performance of the PUS and PUV, on a combined proforma basis, for the financial years ("FY") ended 31 December 2013, 2014 and 2015, and last two 9-month periods ("9M") ended 30 September, that is 9M2015 and 9M2016. The financial statements below are presented in Singapore dollars.

S\$ '000	←		Unaudited	→	
	FY2013	FY2014	FY2015	9M2015	9M2016
Revenue	26,725	29,950	23,237	17,926	7,034
Gross Profit	11,754	12,578	10,420	8,063	4,818
Net Loss	(544)	(1,689)	(2,823)	(2,004)	(5,421)
EBITDA	3,678	2,534	1,402	1,177	(2,259)

Source: Management

Revenue

From FY2013-FY2014, revenue of the Sale Companies grew by 12.1%. This growth was attributed to the increase in shipping and trading of granite.

From FY2014-FY2015, revenue of the Sale Companies fell by 22.4%. As per Company Management, this decline was attributed to weak demand and competition from the bulk shipping market. Cargo volume and freight rates fell, leading to a decrease in freight revenue which contributed to the fall in overall revenue.

The revenue of the Sale Companies fell by 60.8% from 9M2015-9M2016. This was largely due to a decline in cargo volumes and freight rates which led to lower freight revenues. Additionally, trading volumes fell, leading to a large fall in revenue from trading.

Gross Profit

Gross profit remained fairly stable at above S\$10.00 million from FY2013-FY2015. It fell by 40.2% from 9M2015-9M2016.

The gross profit margins of the Sale Companies remained at above 40% from FY2013-FY2015 and 9M2015. The gross profit margin increased from 45.0% to 68.5% during 9M2016 as compared to 9M2015 due to a decrease in trading revenue from contracts with lower margins.

EBITDA and Net Loss

From FY2013-FY2015, the EBITDA of the Sales Companies declined due to the decrease in cargo volume, freight rates and docking expenses. The net losses of the Sale Companies have also increased as a result of the abovementioned factors.

EBITDA was negative in 9M2016 due to a further decrease in freight revenue and docking expenses. Similarly, net losses increased by 171% over the same period.

4.2. Review of unaudited financial position of the Sale Companies

The table below sets out the unaudited pro forma balance sheet of the Sale Companies, on a combined basis, as at 30 September 2016.

Unaudited pro forma balance sheet of the Sale Companies

(S\$'000)	As at 30 September 2016
Cash	3,023
Trade receivables, inventories and other assets	2,267
Total Current Assets	5,290
Vessels and equipment	26,965
Club memberships	356
Total Non-current Assets	27,321
TOTAL ASSETS	32,611
Trade and other Payables	2,689
Total Current Liabilities	2,689
TOTAL LIABILITIES	2,689
Share Capital	42,250
Foreign currency translation reserve	(3,976)
Accumulated (losses)/profits	(8,352)
Total Shareholders' Equity	29,922
TOTAL LIABILITIES AND EQUITY	32,611

Source: Management

Assets

The Sale Companies have total assets of S\$32.61 million as at 30 September 2016, comprising current assets of S\$5.29 million (16.2%) and non-current assets of S\$27.32 million (83.8%).

Total current assets of S\$5.29 million comprise mainly cash of S\$3.02 million (57.1%) and trade receivables, inventories and other assets of S\$2.26 million (42.8%).

Total non-current assets of S\$27.32 million comprise mainly vessels and equipment of S\$26.97 million (98.7%) and club memberships of S\$0.36 million (1.3%). Vessels and equipment mainly consist tugboats and barges.

Liabilities

The Sale Companies have total liabilities of S\$2.69 million as at 30 September 2016, comprising entirely current liabilities. Current liabilities comprise entirely of trade and other payables.

Taking the pro forma NTA of the Sale Companies of S\$29.92 million and the Consideration of S\$29.92 million into account, the P/NTA ratio implied by the Consideration is 1.0 times.

5. EVALUATION OF THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

In our evaluation of the Proposed Disposal, we have given due consideration to the following factors:

- (a) rationale for the Proposed Disposal;
- (b) assessment of the Consideration for the Proposed Disposal; and
- (c) other relevant considerations.

5.1. Rationale for the Proposed Disposal

It is not within our scope for this engagement to comment or express an opinion on the merits of the Proposed Disposal or the future prospects of the Company after the Proposed Disposal. Nevertheless, we have reviewed the rationale for the Proposed Disposal. The details of the rationale for the Proposed Disposal are set out in Section 3 of the Circular and reproduced in italics below:

“3. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

3.1 The Group’s rationale for the Proposed Disposal, and the benefits to be derived from the Proposed Disposal are as follows:

- (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\$5.4 million for the nine-month period ended 30 September 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.*

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. The ship chartering services are primarily for bulk cargo transportation within the region to third parties and agency services are for vessels, primarily bulk carriers, calling at ports in Singapore.

- (b) The Proposed Disposal will allow the Company to continue to focus on its two existing core businesses, the Concrete & Cement business, which supplies materials to the construction industries locally and in the region, and the Ports 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.*

(c) *The proceeds from the Proposed Disposal will have the added benefit of lowering the net gearing position 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.”*

5.2. Assessment of the Consideration for the Proposed Disposal

In assessing the Consideration for the Proposed Disposal, we have considered the following:

- (i) the independent valuation of Tugboats and Barges;
- (ii) the valuation ratios of selected listed companies whose business is broadly comparable to Sale Companies; and
- (iii) the Transitional Services Deed and the License Agreements

5.2.1. Independent Valuation of Tugboats and Barges

In connection with the Proposed Disposal, an independent desktop valuation exercise (“**Valuation**”) was carried out to value the Tugboats and Barges owned by PUV. The valuation certificates (“**Valuation Certificates**”) dated 28 September 2016 were prepared by ALC, and are available for inspection as set out in Section 16 of the Circular. In the opinion of ALC, the total fair value of the Tugboats and Barges is S\$23.80 million as at 28 September 2016.

ALC’s 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”.

The Management has represented to us that the corresponding aggregate net book value of the Tugboats and Barges as at 30 September 2016 was approximately S\$26.95 million. Based on the above fair value of the Tugboats and Barges of S\$23.80 million and the aggregate net book value of the Tugboats and Barges of S\$26.95 million, the revaluation deficit arising from the above valuation is S\$3.15 million.

Accordingly, the revalued NTA of the Sale Companies as at 30 September 2016 would be as follows:

	(S\$ million)
NTA of Sale Companies as at 30 September 2016	29.92
Add: Revaluation deficit from the Tugboats and Barges	(3.15)
Revalued NTA of Sale Companies as at 30 September 2016	26.77

The P/revalued NTA multiple of Sale Companies implied by the consideration of S\$29.92 million is 1.12 times.

Please refer to Appendix B to the Circular for the consolidated valuation certificate for further details on the Valuation.

5.2.2. Comparison of valuation ratios of the selected listed companies

For the purposes of assessing the Consideration for the Proposed Disposal, we have considered companies whose business is broadly comparable to Sale Companies. As Sale Companies are primarily engaged in the vessel chartering business, we have considered companies that are involved in the same principal business which are listed on the SGX-ST. There are 6 such companies we have identified, namely POSH, Pacific Radiance, Vallianz, Atlantic Navigation, EMAS and Seroja (“**Comparable Companies**”).

We have had discussions with the Management about the suitability and reasonableness of the selected Comparable Companies acting as a basis for comparison with Sale Companies. Relevant information has been extracted from Bloomberg L.P. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The Comparable Companies' accounting policies with respect to the values for which the assets or revenue and costs are recorded may differ from that of Sale Companies.

We wish to highlight that the Comparable Companies may not be exhaustive and they differ from Sale Companies in terms of, *inter alia*, market capitalisation, size of operations, client base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria respectively. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

We set out below a list of Comparable Companies:

Comparable Companies	Principle Business
Pacc Offshore Services Holdings Ltd ("POSH")	POSH provides offshore solutions to the offshore construction, subsea, and deepwater markets. The company operates a fleet of offshore utility vessels, including anchor handling tugs, ocean towing tugs, accommodation vessels, crane barges, azimuthing terminal tugs, and ballastable tank barges that serve various phases of oilfield development.
Pacific Radiance Ltd ("Pacific Radiance")	Pacific Radiance offers offshore vessels and support services. The company owns and operates offshore vessels and provides subsea services, shipyard services, marine equipment as well as project logistics to the oil and gas industry around the world. Its fleet of 120 vessels (both international trading vessels and Indonesian flagged vessels) includes subsea vessels, Anchor Handling Tug Supply, Platform Supply Vessels, Ocean Tugs & Supply Vessels, Offshore Barges, and Accommodation & Maintenance Support Vessels.
Vallianz Holdings Ltd ("Vallianz")	Vallianz is a vessel and equipment owning, and leasing company. The company provides marine support services, primarily marine asset ownership, leasing, and fleet management. Fleet includes: Anchor Handling Tugs, Anchor Handling Tug Supply, Platform Supply Vessels, Towing Tugs, Utility Vessels, Pilot Boats and Crew Boats.
Atlantic Navigation Holdings Singapore Ltd ("Atlantic Navigation")	Atlantic Navigation is a shipping company. The company offers an integrated platform of services including vessel owning, operating, chartering of third party vessels, maintenance workshop and steel fabrication works for the offshore industry. Atlantic Navigation primarily operates its fleet in the Middle East and Indian markets. Fleet includes: Anchor Handling Tugs, Lift boats & Accommodation Vessels, Multipurpose Support Vessels, Tug & Utility Vessels, Offshore Flattop Deck Cargo Barges, Crew Boat and Platform Supply Vessels.
EMAS Offshore Ltd ("EMAS")	EMAS provides offshore oil and gas services. The company offers floating production, storage and offloading services, as well as offshore accommodation, pipelay, heavy lift, offshore hook up and commissioning and installation services. Fleet includes: Anchor Handling Tug Supply Vessels, Multifunctional Support Vessels, Platform Supply Vessels & Accommodation and Heavy Lift Barges.
Seroja Investments Ltd ("Seroja")	Seroja provides charter services of tugboats and barges. The ships are primarily used to transport thermal coal, sand and other quarry materials.

Source: Bloomberg L.P.

For the purpose of our evaluation and for illustration, we have made comparisons between Sale Companies and Comparable Companies on a historical basis using the P/NTA ratio. The P/NTA ratio or the NTA approach is used to show the extent the value of each share is backed by net tangible assets. The NTA approach of valuing a group of companies is based on the aggregate

value of all the assets of the group in their existing condition, after deducting the sum of all liabilities and intangible assets of the group.

Comparable Companies	Last financial year-end	Market capitalisation as at Latest Practicable Date (S\$' million)	P/NTA⁽¹⁾ (times)
POSH	31 Dec 15	570.8	0.48
Pacific Radiance	31 Dec 15	107.7	0.23
Vallianz	31 Dec 15	64.7	0.20
Atlantic Navigation	31 Dec 15	46.9	0.36
EMAS	31 Aug 15	29.9	0.07 ⁽²⁾
Seroja	31 Dec 15	20.3	0.44
High			0.48
Low			0.07
Mean			0.34
Median			0.36
Implied by the Consideration			1.00 (based on NTA of the Sale Companies as at 30 Sep 16)
			1.12 (based on revalued NTA of the Sale Companies as at 30 Sep 16)

Source: Bloomberg L.P and respective financial statements of comparable companies

Note:

- (1) The P/NTA ratios of the Comparable Companies were computed based on their respective NTA values as set out in the latest published financial statements as at the Latest Practicable Date. The P/NTA ratio and P/revalued NTA ratio of Sale Companies as implied by the consideration are based on Sale Companies' proforma NTA and revalued proforma NTA as at September 2016; and
- (2) Excluded as statistical outlier for the computation of mean and median.

Based on the above, we note that the P/NTA and P/revalued NTA ratios of the Sale Companies as implied by the Consideration of 1.00 times and 1.12 times respectively are above the upper range, the mean and the median of the P/NTA ratios of the Comparable Companies.

Please refer to Sections 4.2 and 5.2.1 of this Letter for the computation of P/NTA ratio and P/revalued NTA ratio implied by the Consideration respectively.

5.2.3. Transitional Services Deed and License Agreements

Pursuant to the Proposed Disposal, the Company and the Sale Companies will be entering into the Transitional Services Deed and License Agreements. The Purchaser views these agreements as important aspects of the Proposed Disposal, for continuity of the operations of the Sale Companies.

Transitional Services Deed

As mentioned in Section 3.3 of this Letter, in connection with the Proposed Disposal, 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 in relation to the provision of the Services, being (a) strategic management and business development; (b) human resource management and office administration support; and (c) information technology support at no cost to the Purchaser during the Initial Term.

Pursuant to the Transitional Services Deed, the Company shall procure its wholly-owned subsidiary, PUI to waive the monthly rent payable to PUI under a tenancy agreement dated 15 September 2016 between PUI and PUS.

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. This amount is estimated by the Management based on cost reimbursement basis as mentioned in Section 5.1 of the Circular.

We note that the Transitional Services Deed is to provide continuity and minimise disruption to the operations of the Sale Companies. This is an important factor that the Purchaser had considered, before agreeing to undertake the Proposed Disposal. In addition, using the Transitional Services Deed's renewal rate of S\$200,000 per annum as an estimate, the Transitional Services Deed's worth for the Initial Term is approximately 0.7% of the Consideration. We understand that it is part of the packaged deal of the Proposed Disposal to include the provision of the Services during the Initial term.

Please refer to Section 5.1 of the Circular for further details on the Transitional Services Deed.

License Agreements

As mentioned in Section 3.3 of this Letter, in order to allow the Sale Companies to continue operating their shipping activities and contracts with third parties, the Company will be entering into PUS License Agreement and PUV License Agreement. The PUS License Agreement and PUV License Agreement will be entered at consideration of S\$1 each, for a period of 3 years from the date of completion of the Proposed Disposal. These agreements allow the Sale Companies to use the Company's Trade Name and Trade Marks on non-exclusive, non-transferable and non-sublicensable basis.

In addition, the PUV License Agreement and PUS License Agreement's stated, *inter alia*, that Sale Companies agree and undertake that the nature and quality of all services rendered by them under or in connection with the Trade Name and the Trade Marks and all related advertising, promotional and other related uses of the same shall conform to quality and other standards prescribed by Company. The Company's interest in the Trade Name and Trade Marks is protected as the License Agreements provide right to the Company to immediately terminate the License Agreements if there is a breach in the above stated condition.

The PUV License Agreement and PUS License Agreement which allow the Sale Companies continued use of the Company's Trade Name and Trade Marks is based on a commercial negotiation between the parties to provide some degree of continuity and to minimise business disruptions during the transition arising from the Proposed Disposal.

Please refer to Section 5.1 of the Circular for further details on the Transitional Services Deed.

5.3. Other relevant consideration

5.3.1. Proposal from Potential Third Party Purchaser

We understand from the Management that the Company has evaluated proposals from third party purchasers for the divestment of tugboats and barges owned by the PUV. However, the Company was not able to complete the divestment of any tugboats and barges at the point of signing of the Sale and Purchase Agreement.

5.3.2. Financial effect of the Proposed Disposal

The financial effects of the Proposed Disposal are set out in Section 6 of the Circular and are based on the audited financial statements of the Group for financial year ended 31 December 2015 and various assumptions as detailed therein.

We note the following with regards to the Proposed Disposal and the resulting financial effects for the Group:

- (i) the proforma NTA of the Sale Companies as at 30 September 2016 is the same as the Consideration for the Proposed Disposal; and
- (ii) the combined earnings of the Sale Companies are negative for the historical period as noted in section 4.1 of this letter.

6. OUR RECOMMENDATION ON THE PROPOSED DISPOSAL

In arriving at our recommendation, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the Proposed Disposal:

- rationale of the Proposed Disposal;
- the P/revalued NTA multiple of Sale Companies implied by the consideration of S\$29.92 million is 1.12 times;
- the P/NTA and P/revalued NTA ratios of the Sale Companies on a combined basis as implied by the Consideration of 1.00 times and 1.12 times respectively are above the upper range, the mean and the median of the P/NTA ratios of the Comparable Companies;
- the Transitional Services Deed is to provide continuity and minimise disruption to the operations of the Sale Companies. This is an important factor that the Purchaser had considered, before agreeing to undertake the Proposed Disposal;
- the Consideration is equal to the proforma NTA of the Sale Companies as at 30 September 2016 and the combined earnings of the Sale Companies are negative for the historical period as noted in section 4.1 of this letter;
- the PUV License Agreement and PUS License Agreement which allow the Sale Companies continued use of the Company's Trade Name and Trade Marks is a commercial negotiation between the parties to provide some degree of continuity and to minimise business disruptions during the transition arising from the Proposed Disposal; and
- the Company has evaluated proposals from third party purchasers for the divestment of tugboats and barges owned by the Sale Companies. However, the Company was not able to complete the divestment of any tugboats and barges.

Having considered the above and subject to the assumptions and qualifications set out herein, we are of the opinion that the Proposed Disposal is on normal commercial terms and is not prejudicial to the Company and its minority Shareholders. Accordingly, we advise that Independent Directors recommend that the Shareholders vote in favour of the Proposed Disposal.

Our recommendations are addressed to the Independent Directors for their benefit, in connection with and for the purposes of her consideration of the Proposed Disposal. Any recommendations made by the Independent Directors in respect of the Proposed Disposal shall remain their responsibility.

Our recommendations are governed by the laws of Singapore and are strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Ng Jiak See
Executive Director

APPENDIX B

CONSOLIDATED VALUATION CERTIFICATE



Our Ref: 9494V/16/JH/VCK

28 September 2016

**CERTIFICATE OF VALUATION
FLEET OF 22 VESSELS**

THIS IS TO REPORT that at the request of Pan-United Corporation Limited, Singapore, we the undersigned Marine Surveyors & Appraisers,

ALC CONSULTING SERVICES PTE LTD

examine the documents and specifications of the above mentioned vessels to ascertain the fair values of each vessel. Thus, we have consolidated the values of the vessels.

The total fair value of the 12 Tugs is,

S\$12,670,000.00

(SINGAPORE DOLLARS: TWELVE MILLION SIX HUNDRED AND SEVENTY THOUSAND ONLY)

The total fair value of the 10 Barges is,

S\$11,130,000.00

(SINGAPORE DOLLARS: ELEVEN MILLION ONE HUNDRED AND THIRTY THOUSAND ONLY)

The above consolidated valuation is given on the understanding of the possible existence of different perspective values for the same vessels. The desktop valuation above is given 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". While reasonable care has been taken to ensure accuracy of the value provided, ALC Consulting Services Pte Ltd do not guarantee that the stated value(s) could be achieved in future actual transactions.

ALC CONSULTING SERVICES PTE LTD


Gan Jing Han



ALC Consulting Services Pte Ltd

Co Reg. / GST Reg No: 200601206K

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PAN-UNITED CORPORATION LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199106524G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Pan-United Corporation Ltd. (the “**Company**”) will be held at Ficus Ballroom, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Wednesday, 30 November 2016 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an Ordinary Resolution.

*All references to the Circular in this Notice of Extraordinary General Meeting shall mean the Company’s Circular to Shareholders dated 15 November 2016 (the “**Circular**”). All capitalised terms not otherwise defined herein shall have the meanings given to them in the Circular.*

ORDINARY RESOLUTION – THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

THAT pursuant to Chapter 9 of the Listing Manual, approval be and is hereby given for:

- (a) the Proposed Disposal on the terms and subject to the conditions set out in the Sale and Purchase Agreement, the principal terms of which are set out in the Circular; and
- (b) the Directors or any of them to complete and do all such acts and things (including without limitation, to execute all such documents and to approve any amendments, alteration or modification to any documents) as the Directors or any of them may consider necessary, desirable or expedient to give effect to the Proposed Disposal and this Ordinary Resolution.

By Order of the Board

Lynn Wan Tiew Leng
Joint Company Secretary

15 November 2016

Notes:

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. A Shareholder that is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. To be effective, the instrument appointing a proxy must be deposited at the Company’s registered office at 7 Temasek Boulevard #16-01 Suntec Tower One Singapore 038987 (Attention: The Company Secretary) not less than 48 hours before the time appointed for the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

PROXY FORM

Pan-United Corporation Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199106524G)

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of Pan-United Corporation Ltd., the Circular is sent to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. A Relevant Intermediary may appoint more than 2 proxies to attend the Extraordinary General Meeting and vote (please see Note 1 overleaf for the definition of "Relevant Intermediary").

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 15 November 2016.

I/We _____

NRIC/Passport No./Co. Registration No. _____

of _____

being a member/members of Pan-United Corporation Ltd. (Company), hereby appoint _____

and/or failing him/her, _____

of _____

or failing him/her, the Chairman of the Extraordinary General Meeting of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company (EGM) to be held at Ficus Ballroom, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Wednesday, 30 November 2016 at 3.00 p.m., and at any adjournment thereof. The proxy is to vote on the business before the EGM as indicated hereunder.

Ordinary Resolution	For	Against
To approve the Proposed Disposal		

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of EGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM).

Dated this _____ day of _____ 2016.

Shares held in	Number of shares
CDP Register	
Register of Members	

Signature(s) of Member(s)/Common Seal

Please glue and seal along the edge

Please glue and seal along the edge



Notes

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting, and who is not a Relevant Intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where more than one proxy is appointed, the number of Shares to be represented by each proxy must be stated.

A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Shares or Shares held by such member, and the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

A proxy need not be a member of the Company.

"Relevant Intermediary" means:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

First fold

Affix
Postage
Stamp

The Company Secretary
Pan-United Corporation Ltd.
7 Temasek Boulevard
#16-01 Suntec Tower One
Singapore 038987

Second fold

2. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the shares held by you.
3. The Proxy Form must be deposited at the Company's registered office at 7 Temasek Boulevard, #16-01 Suntec Tower One, Singapore 038987, not less than 48 hours before the time for holding the above Meeting.
4. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the instrument may be treated as invalid.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the above Meeting.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the above Meeting, in accordance with Section 179 of the Singapore Companies Act, Chapter 50.
7. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the above Meeting as certified by The Central Depository (Pte) Limited to the Company.

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