



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

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## THE PROPOSED TRANSACTIONS

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### 1. THE PROPOSED TRANSACTIONS

#### 1.1 Introduction

The board of directors (the “**Board**” or the “**Directors**”) of Pan-United Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a de-merger of its wholly-owned subsidiary, Xinghua Port Holdings Pte. Ltd. (“**Xinghua**”) (formerly known as Pan-United Infrastructure Pte. Ltd.) (the “**Proposed De-merger**”), which shall comprise the following steps:

- (a) the Proposed Restructuring (as defined below);
- (b) the Proposed Capital Reduction (as defined below);
- (c) the Proposed Share Incentive Scheme (as defined below);
- (d) a proposed distribution in specie of the Company’s entire shareholding in the issued and paid-up share capital of Xinghua (“**Xinghua Shares**”) to the Distribution Entitled Shareholders (as defined below) (the “**Proposed Distribution**”); and
- (e) the proposed listing of Xinghua by way of introduction on the main board of the Stock Exchange of Hong Kong (“**SEHK**”) (the “**Proposed Listing**”).

The Group has two (2) core business divisions namely, (i) the concrete and cement business (“**C&C Business**”) and (ii) the port business (“**Ports Business**”). Xinghua is the holding company of the Group’s Ports Business.

The Ports Business is distinct from the C&C Business, and both are running independently from one another. The Board believes that the Proposed De-merger will, allow the Company and Xinghua to focus on their respective core businesses, and implement strategies to grow and expand their businesses independently, as well as to gain financial autonomy. The Proposed De-merger will also provide the market and investors with greater visibility and business understanding of the two (2) core businesses, thus benefiting the shareholders of the Company (“**Shareholders**”) as a whole. Further details of the rationale for, and the benefits of, the Proposed Transactions (as defined herein) are set out in Section 5 below.

Following the completion of the Proposed De-merger, Xinghua and its group of subsidiaries will cease to be subsidiaries of the Company and the Company will no longer be involved in the Ports Business going forward.

## 1.2 Proposed Rights Issue

The Company also intends to undertake a renounceable non-underwritten rights issue (the **“Proposed Rights Issue”**) of up to 141,555,538 new ordinary shares in the capital of the Company (**“Rights Shares”**), at an issue price of S\$0.43 for each Rights Share (the **“Issue Price”**), on the basis of one (1) Rights Share for every four (4) existing ordinary shares in the capital of the Company (**“Shares”**) held by the Shareholders as at a time and date to be determined by the Directors for the purposes of determining Shareholders’ entitlements under the Proposed Rights Issue (the **“Rights Issue Books Closure Date”**), fractional entitlements to be disregarded.

## 1.3 Proposed Restructuring

Before the Proposed Listing, Xinghua intends to conduct a restructuring exercise, pursuant to which Xinghua plans to perform the following:

- (a) The Company had taken up an external loan to primarily finance the acquisition of an additional equity stake in SCD in 2013 (the **“2013 SCD Acquisition”**). The 2013 SCD Acquisition was made through Xinghua and the Company had extended an inter-company loan totaling approximately S\$102.0 million to Xinghua to complete the 2013 SCD Acquisition as well as for working capital purposes. It is envisaged that the S\$102.0 million inter-company loan between the Company and Xinghua will be fully capitalised into share capital, and all other inter-company loans between the Company and the Proposed Xinghua Group (as defined below) will be repaid before the Proposed Distribution (the **“Proposed Capitalisation”**). The new Xinghua Shares to be issued to the Company pursuant to the Proposed Capitalisation will form part of the Xinghua Shares to be distributed by the Company as part of the Proposed Distribution.
- (b) Xinghua shall acquire the remaining 10.0% of the total issued and paid-up share capital (**“SCD Shares”**) of Singapore Changshu Development Company Pte Ltd (**“SCD”**) from Petroships Investment Pte. Ltd. (**“Petroships”**), an existing shareholder of SCD, such that SCD will become a wholly-owned subsidiary of Xinghua. Xinghua intends to satisfy the consideration for the SCD Shares by issuing and allotting new Xinghua shares credited as fully paid up to Petroships (**“Proposed Share Swap”**). It is currently envisaged that Petroships will receive Xinghua Shares representing around 10.0% of the enlarged issued and paid-up share capital of Xinghua following the completion of the Proposed Restructuring (as defined below).

The Proposed Capitalisation and the Proposed Share Swap shall be collectively referred to as the **“Proposed Restructuring”**.

## 1.4 Proposed Capital Reduction and Proposed Distribution

Upon completion of the Proposed Restructuring, the Company also proposes to undertake a capital reduction exercise under Section 78G of the Companies Act of Singapore (Chapter. 50) (the **“Act”**) (the **“Proposed Capital Reduction”**). Funds generated by the Proposed Capital

Reduction shall be returned to the Shareholders by the Proposed Distribution, pursuant to which the Company will conduct a distribution in specie of its entire shareholding in the issued and paid-up capital of Xinghua to the entitled Shareholders on the indicative basis of every one (1) Xinghua Share for every two (2) existing Shares (or such other ratio as may be determined by the Directors, in their absolute discretion, at a later date) held by the Shareholders or on their behalf as at a date and time to be separately announced (the “**Distribution Books Closure Date**”).

### **1.5 Proposed Share Incentive Scheme**

In conjunction with the Proposed Distribution, Xinghua also intends to issue new Xinghua Shares amounting up to 5% of the enlarged share capital of Xinghua (the “**Incentive Shares**”) under a one-time share scheme (the “**Proposed Share Incentive Scheme**”) for the benefit of select employees and certain business partners (including independent suppliers and customers), whom Xinghua considers have contributed or will contribute to the business growth of the proposed Xinghua Group (the “**Eligible Participants**”). It is anticipated that the Incentive Shares will be issued to the Eligible Participants immediately prior to the Proposed Listing.

### **1.6 Proposed Listing**

As part of the Proposed De-merger, the Company intends to seek a listing of Xinghua on the main board of SEHK. Details of the Proposed Listing, including the rationale for choosing Hong Kong as the listing venue, are set out in Section 6 of this announcement below.

### **1.7 Conditionality**

For the purpose of this announcement:

- (a) the Proposed De-merger which consists of the Proposed Restructuring, the Proposed Capital Reduction, the Proposed Distribution, the Proposed Share Incentive Scheme and the Proposed Listing shall be collectively referred to as the “**Proposed De-merger Transactions**”; and
- (b) the Proposed De-merger Transactions and the Proposed Rights Issue shall be collectively referred to as the “**Proposed Transactions**”.

The Proposed De-merger Transactions will take place after the completion of the Proposed Rights Issue. **However, the Proposed Rights Issue is NOT conditional upon the Proposed De-merger Transactions.**

Nevertheless, the Company reserves the right **NOT** to proceed, complete and/or effect all or any of the Proposed De-merger Transactions if after assessing various factors, including the prevailing general economic and capital market conditions, the Company does not consider the Proposed De-merger Transactions to be in the best interests of the Company and/or if the requisite approvals required for all or any of the Proposed De-merger Transactions have not been or cannot practicably be obtained.

## 1.8 Appointment of Financial Adviser and Manager

The Company has appointed CIMB Bank Berhad, Singapore Branch as its manager to the Proposed Rights Issue (the “**Manager**”) and the financial adviser for the Proposed Transactions (“**Financial Adviser**”).

## 2. THE PROPOSED RIGHTS ISSUE

### 2.1 Introduction

The Company is proposing to undertake the Proposed Rights Issue on a renounceable and non-underwritten basis.

The Proposed Rights Issue is proposed to be made pursuant to the general mandate obtained from the Shareholders at the Company’s annual general meeting held on 26 April 2017 (the “**General Mandate**”).

Under the General Mandate, the Directors are authorised to, *inter alia*, issue Shares whether by way of rights, bonus or otherwise provided that, *inter alia*, the aggregate number of Shares to be issued to Shareholders on a *pro rata* basis pursuant to such mandate shall not exceed 50.0% of the issued Shares (excluding treasury Shares (if any) as calculated) at the time the General Mandate was obtained (after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were outstanding or subsisting as at the time the General Mandate was obtained, and any subsequent bonus issue or consolidation or subdivision of Shares).

The Company shall make an application to the SGX-ST to obtain the approval in-principle (“**AIP**”) for the listing and quotation for up to 141,555,538 Rights Shares on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The final terms and conditions of the Proposed Rights Issue will be set out in the offer information statement (the “**Offer Information Statement**”) to be lodged by the Company with the Monetary Authority of Singapore and despatched to Shareholders in due course.

The Board reserves the right to explore underwriting arrangements at a later stage.

For the purposes herein,

- (a) the term “**Share Options**” shall mean all the outstanding share options granted to participants under the Pan-United Share Option Scheme (Scheme 2002) which was extended for another 10 years up to 18 April 2022 following the approval from the Shareholders at the extraordinary general meeting held on 19 April 2012;
- (b) the term “**Exercisable Share Options**” shall mean the vested Share Options that can be exercised into Shares of the Company and not taking into account the Share Options held by the Undertaking Shareholders (as defined herein) (if any);
- (c) the term “**Maximum Subscription Scenario**” shall mean the scenario where all the Exercisable Share Options have been exercised before the Rights Issue Books Closure

Date and all the Rights Issue Entitled Shareholders (as defined herein) subscribe in full for their respective *pro rata* Rights Shares; and

- (d) the term “**Minimum Subscription Scenario**” shall mean the scenario where (i) none of the Exercisable Share Options have been exercised before the Rights Issue Books Closure Date, and (ii) none of the Rights Issue Entitled Shareholders (as defined herein) subscribe for their respective *pro rata* Rights Shares other than the Undertaking Shareholders subscribing for the Rights Shares in accordance with the terms and conditions of their respective Irrevocable Undertakings (as defined herein).

## 2.2 Details of the Proposed Rights Issue

As at 21 April 2017, the Company had 560,520,660 Shares in issue (excluding treasury shares). In addition, as at 21 April 2017, the Company had 5,701,500 Exercisable Share Options.

In the event that the Proposed Rights Issue is fully subscribed under the Maximum Subscription Scenario, up to 141,555,538 Rights Shares will be issued and allotted at the Issue Price for each Rights Share.

As a result of the Irrevocable Undertakings (as defined herein), a minimum of 96,619,314 Rights Shares will be issued and allotted at the Issue Price for each Rights Share under the Minimum Subscription Scenario.

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradable on the Main Board of the SGX-ST over a period to be determined by the Board in compliance with the rules of the listing manual of the SGX-ST (the “**Listing Manual**”). Rights Issue Entitled Shareholders (as defined herein) will be at liberty to accept (in full or in part), decline, renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

The Rights Shares and excess Rights Shares will be payable in full upon acceptance and/or application and the Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the existing Shares, save for any dividends, rights, allotments or other distributions, the Rights Issue Record Date for which falls before the date of issue of the Rights Shares. For this purpose, “**Rights Issue Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the Central Depository (Pte) Limited (“**CDP**”), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

Fractional entitlements to the Rights Shares will be disregarded and will be aggregated with entitlements to the Rights Shares not taken up or allotted for any reason, and shall be used to satisfy applications for excess Rights Shares (if any), or disposed of, or otherwise dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company. Excess Rights Shares will be allotted in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company, subject to applicable laws and the Listing Manual. In the allotment of any excess Rights Shares, preference will be given to Shareholders

for the rounding of odd lots. None of the Undertaking Shareholders (as defined below) will be subscribing for excess Rights Shares. In addition, Directors and other substantial Shareholders, if any, who have control or influence in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

The Issue Price represents a discount of approximately:

- (a) 41.1% to the closing price of S\$0.73 per Share on the SGX-ST on 2 May 2017, being the last Market Day on which the Shares were traded preceding the date of this announcement;
- (b) 33.6% to the theoretical ex-rights trading price<sup>1</sup> of S\$0.65 per Share; and
- (c) 2.3% to the Group's net tangible assets ("**NTA**") per Share as at 31 March 2017.

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors, after consultation with the Manager, may deem fit.

For the purposes of this announcement, a "**Market Day**" means a day on which the SGX-ST is open for trading in securities.

### **2.3 Irrevocable Undertakings**

As an indication of their support and commitment to the Company, each of the following shareholders, being Mr Ng Han Whatt, Ms Ng Bee Bee, Ms Jane Kimberly Ng Bee Kiok and Mr Patrick Ng Bee Soon (collectively, the "**Undertaking Shareholders**") has provided irrevocable undertakings (each an "**Irrevocable Undertaking**" and collectively, the "**Irrevocable Undertakings**") to the Company in respect of the following specified shareholdings held by them respectively (the "**Specified Shareholdings**"):

- (a) in respect of Mr Ng Han Whatt, his deemed interest in the 153,000,000 Shares, which are jointly held in the names of Ms Ng Bee Bee, Ms Jane Kimberly Ng Bee Kiok and himself, his deemed interest in 165,600,000 Shares held under a nominee's account with OCBC Trustee Limited, his deemed interest in 17,960,030 Shares held by nominees and his direct interest in 5,400,000 Shares;

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<sup>1</sup> The theoretical ex-rights trading price is the theoretical market price of each Share assuming that the maximum of 141,555,538 Rights Shares are issued pursuant to the Proposed Rights Issue and computed based on the closing price of S\$0.73 per Share on the SGX-ST on 2 May 2017, being the last Market Day on which the Shares were traded preceding the date of this announcement, and the ex-dividend date of the one-tier tax-exempted final ordinary dividend of 2.75 cents per Share for the financial year ended 31 December 2016 ("**FY2016**") on the date of this announcement.

- (b) in respect of Ms Ng Bee Bee, her deemed interest in the 153,000,000 Shares, which are jointly held in the names of Mr Ng Han Whatt, Ms Jane Kimberly Ng Bee Kiok and herself, her deemed interest in 165,600,000 Shares held under a nominee's account with OCBC Trustee Limited and her deemed interest in 8,100,002 Shares held by nominees;
- (c) in respect of Ms Jane Kimberly Ng Bee Kiok, her deemed interest in the 153,000,000 Shares, which are jointly held in the names of Mr Ng Han Whatt, Ms Ng Bee Bee and herself, her deemed interest in 165,600,000 Shares held under a nominee's account with OCBC Trustee Limited and her deemed interest in 8,447,602 Shares held by nominees; and
- (d) in respect of Mr Patrick Ng Bee Soon, the 27,969,630 Shares which he is the registered holder of.

The Irrevocable Undertakings include, *inter alia*, the following:

- (a) not to, directly or indirectly, transfer, sell or dispose of or otherwise reduce any of their interests in their respective Specified Shareholdings from the date of their respective Irrevocable Undertakings up to the Rights Issue Books Closure Date;
- (b) to subscribe and pay, and/or procure the subscription and payment, for in full such number of Rights Shares representing all of the Rights Shares under the Proposed Rights Issue in relation to the Shares which he/she has interest in as at the Rights Issue Books Closure Date (the "**Undertaken Rights Shares**"), in accordance with the terms and conditions of the Proposed Rights Issue; and
- (c) other than the Undertaken Rights Shares, to not subscribe and pay for any excess Rights Shares not taken up by the Rights Issue Entitled Shareholders.

Each Irrevocable Undertaking shall lapse and cease to have any effect whatsoever in the event that the Proposed Rights Issue is terminated or upon the Undertaking Shareholders having been notified by the Company that it is not proceeding with the Proposed Rights Issue.

No commission or fee will be payable by the Company to the Undertaking Shareholders in consideration of the Irrevocable Undertakings.

Pursuant to Rule 877(9) of the Listing Manual, each Undertaking Shareholder will obtain letters from their relevant financial institution confirming that they have the necessary financial resources to fulfil their respective obligations under the Irrevocable Undertakings in due course.

## **2.4 Use of proceeds from the Proposed Rights Issue**

In the Maximum Subscription Scenario, based on 141,555,538 Rights Shares being issued pursuant to the Proposed Rights Issue, the estimated gross proceeds are S\$60.9 million.

In the Minimum Subscription Scenario, based on 96,619,314 Rights Shares being issued pursuant to the Proposed Rights Issue, the estimated gross proceeds are S\$41.5 million.

The Company intends to use the proceeds from the Proposed Rights Issue to partially retire the Company's external debt that was primarily incurred in connection with the 2013 SCD Acquisition.

## 2.5 Eligibility to Participate in the Proposed Rights Issue

### Rights Issue Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Rights Issue Books Closure Date ("**Rights Issue Depositors**") will be provisionally allotted Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Rights Issue Books Closure Date, provided that such Rights Issue Depositors have registered addresses in Singapore with CDP as at the Rights Issue Books Closure Date or if they have registered addresses outside Singapore, they have, no later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Rights Issue Books Closure Date, provided CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, with a registered address in Singapore for the service of notices and documents (the "**Rights Issue Entitled Depositors**").

### Rights Issue Entitled Scripholders

Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (the "**Scripholders**") will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Rights Issue Books Closure Date by the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Share Registrar**") at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, in order to be registered to determine the transferee's provisional allotment of Rights Shares under the Proposed Rights Issue provided that such Scripholders have registered addresses with the Company in Singapore as at the Rights Issue Books Closure Date or if they have registered addresses outside Singapore, they have, no later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Rights Issue Books Closure Date, provided the Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 04862, with an address in Singapore for the service of notices and documents (the "**Rights Issue Entitled Scripholders**").

The Rights Issue Entitled Depositors and Rights Issue Entitled Scripholders shall be collectively referred to as "**Rights Issue Entitled Shareholders**" in this announcement.

Persons who bought their Shares previously using their CPF account savings ("**CPF Funds**") should use CPF Funds for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable CPF rules and regulations. **Such persons who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept the Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement.** Such Shareholders who have insufficient funds or stock limit may top up cash into their CPF Investment Accounts with their approved banks before instructing their respective approved



banks to accept their entitlements to the Rights Shares and (if applicable) apply for excess Rights Shares. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

Notwithstanding the foregoing, investors should note that the offer and sale of, or exercise or acceptance of, or subscription for, Rights Shares to or by persons located or resident in jurisdictions other than Singapore may be restricted or prohibited by the laws of the relevant jurisdiction. Crediting of the Rights Shares to any securities account with CDP, the receipt of any Rights Shares, or receipt of the Offer Information Statement and/or any of its accompanying documents, will not constitute an offer or sale in those jurisdictions in which it will be illegal to make such offer or sale, or where such offer or sale will otherwise violate the securities laws of such jurisdictions or be prohibited. The Company reserves absolute discretion in determining whether any Shareholder located or resident outside Singapore may participate in the Proposed Rights Issue.

## **2.6 Rights Issue Foreign Shareholders**

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Proposed Rights Issue is only made in Singapore and the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Rights Issue Books Closure Date and who have not, at least three (3) Market Days prior to the Rights Issue Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the “**Rights Issue Foreign Shareholders**”). The Offer Information Statement to be issued in relation to and for the purposes of the Proposed Rights Issue and the accompanying documents will not be mailed outside Singapore.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares, which would otherwise have been provisionally allotted to Rights Issue Foreign Shareholders, to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the expenses expected to be incurred.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to the Rights Issue Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Rights Issue Books Closure Date and sent to them at their own risk by ordinary post, provided that where the amount of net proceeds to be distributed to any single Rights Issue Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit and no Rights Issue Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Manager or CDP and their respective officers in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Rights Issue Foreign Shareholder shall have any claim whatsoever against the Company, the

Directors, the Manager or CDP and their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

To this end, Rights Issue Foreign Shareholders are encouraged to provide a registered address to CDP or the Share Registrar, as the case may be, in Singapore at least three (3) Market Days prior to the Rights Issue Books Closure Date, in order to be able to participate in the Proposed Rights Issue.

## **2.7 Adjustments to Share Options**

As a result of the Proposed Transactions, adjustments may be made with respect to the Share Options. The Company will review and consider if it is appropriate to make such adjustments. Details of such adjustments (if any) will be communicated separately to such participants.

## **3. PROPOSED DE-MERGER TRANSACTIONS**

### **3.1 Background**

Following the completion of the Proposed Rights Issue, the Company intends to proceed with the Proposed De-merger Transactions, which is subject to, amongst others, the approval of the Shareholders, SEHK and other relevant authorities.

A circular containing, amongst others, further details of the Proposed De-merger Transactions and the extraordinary general meeting of the Shareholders to be convened (the “**EGM**”) for the purpose of seeking the Shareholders’ approval for the De-merger Transactions, will be despatched to the Shareholders in due course (the “**Circular**”).

### **3.2 Proposed Capital Reduction**

To effect the Proposed Distribution as a distribution in specie, the Company will conduct the Proposed Capital Reduction with the court’s sanction under Section 78G of the Act.

The Proposed Capital Reduction is subject to, *inter alia*: (i) the approval of the Shareholders by way of a special resolution for the Proposed Capital Reduction (i.e. 75% of those present and voting) at an EGM; (ii) the approval of the High Court of Singapore for the Proposed Capital Reduction; and (iii) all other relevant approvals and consents being obtained.

### **3.3 Key Steps of the Proposed Distribution**

Prior to the Proposed Capital Reduction and the Proposed Distribution, and subject to the Shareholders’ approval at the EGM, Xinghua intends to undertake the Proposed Restructuring, pursuant to which Xinghua will undertake the Proposed Capitalisation and the Proposed Share Swap.

Accordingly, following the Proposed Restructuring and prior to the Proposed Distribution, it is envisaged that the Company will hold 90.0% of Xinghua Shares, with the remaining 10.0% of the Xinghua Shares held by Petroships.

The Proposed Distribution involves the distribution by the Company of all of its Xinghua Shares to the Distribution Entitled Shareholders (as defined below) on the indicative basis for one (1) Xinghua Share for every two (2) Shares (or such other ratio as may be determined by the Directors, in their absolute discretion) held by the Shareholders or on their behalf as the Distribution Books Closure Date. The Proposed Distribution will be effected by way of the Proposed Capital Reduction.

In conjunction with the Proposed Distribution, Xinghua also intends to adopt the Proposed Share Incentive Scheme pursuant to which new Incentive Shares amounting up to 5% of the enlarged share capital of Xinghua will be issued to the Eligible Participants immediately prior to the Proposed Listing.

The exact number of Xinghua Shares to be distributed pursuant to the Proposed Distribution shall be dependent on, amongst other things, the results of the Proposed Rights Issue and exercise of any outstanding vested Share Options granted before the Distribution Books Closure Date.

No payment will be required from Shareholders for the Xinghua Shares to be received from the Proposed Distribution. The Xinghua Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is effected. The Distribution Entitled Shareholders will, upon the completion of the Proposed De-merger Transactions, hold shares in the two (2) separate companies, namely the Company and Xinghua.

For the purpose herein, “**Distribution Entitled Shareholders**” shall mean persons who are registered as holders of Shares in the register of members of the Company (the “**Register**”) and depositors who have Shares entered against their names in CDP as at the Distribution Books Closure Date.

### **3.4 Distribution Overseas Shareholders**

Where the Directors are of the view that the distribution of the Xinghua Shares to any Shareholders whose registered address appears in the Register or the depository register maintained by CDP (as the case may be) is outside Singapore may infringe any relevant foreign law or may necessitate compliance with conditions or requirements which they, in their sole discretion, regard as onerous by reason of costs, delay or otherwise, the Xinghua Shares which such Distribution Overseas Shareholders (as defined below) would have been entitled to pursuant to the Proposed Distribution (the “**Distribution Overseas Shareholders**”) will not be distributed to such Distribution Overseas Shareholders.

A Shareholder will be regarded as a “**Distribution Overseas Shareholder**” if their registered address in the Register or CDP (as the case may be) is outside Singapore as at the Distribution Books Closure Date. Shareholders who wish to change their registered address on the Register or CDP (as the case may be) to a Singapore address in substitution thereof prior to the Distribution Books Closure Date may do so by sending a notice in writing to Share Registrar (in the case of a change of address on the Register) and CDP (in the case of a change of address on CDP), respectively, no later than three (3) Market Days prior to the Distribution Books Closure Date.

Further information on the entitlements of the Distribution Overseas Shareholders will be set out in the Circular.

#### 4. BACKGROUND OF THE PROPOSED XINGHUA GROUP

The Group's Ports Business focuses on the management and operation of the two (2) river ports in Changshu, Jiangsu province in the People's Republic of China ("**PRC**"). The two (2) ports are strategically located in the Yangtze River Delta, and are among the top 10 river ports in terms of growth in the Yangtze River. The types of cargoes handled by the ports include finished steel, pulp and paper, logs, containers and other general cargoes.

Xinghua is a direct subsidiary of the Company and the holding company of the Group's Ports Business. It currently owns 90.0% of the total issued and paid-up share capital of SCD. SCD currently owns 95.0% of the equity interest and registered capital of Changshu Xinghua Co., Ltd. ("**CXP**"), which in turn holds 90.0% of the equity interest and registered capital of Changshu Changjiang International Port Co., Ltd. ("**CCIP**").

The two (2) principal operating subsidiaries of Xinghua are CXP and CCIP. CXP was incorporated in the PRC by the Company and the local government in 1994 and has been a port operator in the PRC since it commenced operations in 1997. CCIP was incorporated in the PRC in 2010 and has been operating its multi-purpose port in the PRC since November 2012. CCIP became a subsidiary of Xinghua when it was acquired by CXP in March 2014. The Proposed Xinghua Group (as defined below) holds valid land leases granted by the local government.

For the purpose of this announcement,

- (a) Xinghua and its subsidiaries including, SCD, CXP and CCIP, shall be referred to as the "**Proposed Xinghua Group**".
- (b) the Group excluding the Proposed Xinghua Group, shall be referred as the "**Proposed PanU Group**".

Detailed information on Proposed Xinghua Group, including its portfolio of assets and business immediately prior to the Proposed Listing, risk factors and financial statements will also be set out in the Circular and the listing document to be issued in connection with the Proposed Listing, both of which will be made available to the Shareholders in due course.

#### 5. RATIONALE FOR, AND THE BENEFITS OF, THE PROPOSED TRANSACTIONS

The Company believes that the Proposed Transactions are beneficial to and in the interests of its Shareholders as a whole for the reasons set out below:

##### (a) Establishment of two "Pure Play" listed companies

The Group has two (2) core business divisions namely, (i) the C&C Business and (ii) the Ports Business. Following the Proposed Transactions, the Group will establish two (2) "pure play" listed companies, with the Proposed PanU Group undertaking the C&C Business and the Proposed Xinghua Group focusing solely on the Ports Business.

The C&C Business is distinct from the Ports Business. The C&C Business focuses on producing and supplying concrete and cement to support major public infrastructure and

private sector projects in Southeast Asia. The Ports Business focuses on the management and operations of the two (2) river ports in the PRC.

Following the completion of the Proposed Transactions, the Proposed Xinghua Group will operate separately and independently from the Proposed PanU Group. The key management of the Company will not hold executive positions in the Proposed Xinghua Group and vice versa. In addition, the operations, management and finance functions of the Proposed Xinghua Group and the Proposed PanU Group will be kept distinct and separate.

As the nature of the C&C Business differs significantly from the Ports Business, the Proposed Transactions will allow the Proposed PanU Group and the Proposed Xinghua Group to focus on their respective core businesses. They will implement tailored plans and strategies to grow and expand their businesses independently.

**(b) Greater visibility and business understanding**

The Group believes that the Proposed Transactions will provide greater visibility and understanding of the two (2) separate businesses. The Proposed Transactions will offer investors and Shareholders the opportunity to better assess the market value of the C&C Business and Ports Business on a stand-alone basis. The growth profile and asset quality of the respective businesses will have greater visibility. The separation will help to attract the appropriate investors and provide them with the options of investing in either the C&C Business or the Ports Business, if not both.

**(c) Financial autonomy and direct access to capital markets for Xinghua**

By creating its own separate listed identity, Xinghua will benefit from enhanced corporate visibility. It will be better able to independently and directly access the appropriate capital markets to benefit from economic conditions specific to its business. Xinghua will also be able to exclude specific risks that the Group may be exposed to.

With Xinghua being able to fund its own growth independently, the Proposed PanU Group would benefit from enhanced financial capacity and flexibility to strengthen and grow the C&C Business.

In this regard, the Proposed Transactions will provide financial independence to both the Proposed PanU Group and the Proposed Xinghua Group and enable them access to the capital markets to fund their respective growths as independent listed companies.

**(d) Optimise capital structure**

The Proposed Rights Issue has been proposed by the Company as part of its ongoing and prudent balance sheet management to strengthen its financial position, enlarge its capital base and further enhance the financial flexibility of the Group.

As mentioned in Section 2.4 of this announcement, the Company intends to use the proceeds from the Proposed Rights Issue to partially retire the Company's external debt that was obtained to acquire the additional equity stake in SCD in 2013.

By undertaking the Proposed Rights Issue and the Proposed Capitalisation, the Proposed PanU Group and Proposed Xinghua Group will be able to optimise their respective capital structures and strengthen their balance sheets to accommodate the sustained growth of both the C&C and Ports Businesses.

## **6. PROPOSED LISTING**

### **6.1 Rationale for choosing Hong Kong as the listing venue**

The Company after careful deliberation has decided to seek a listing of Xinghua on the SEHK primarily for the reasons set out below:

- (a) The Company believes that a listing in Hong Kong will attract a more extensive analyst following given that the assets and operations of Xinghua are located in the PRC and geographically, SEHK is closer in proximity to the Group's two (2) river ports located in the PRC.
- (b) There are already a number of peers operating in the Chinese port sector which are listed on the SEHK and this should provide investors and analysts with a good basis for comparison.
- (c) The Company is also attracted by the ease of access to the established pool of international and North Asian investment funds that are familiar with the Chinese port sector, and the established capital markets and trading activities on the SEHK.

### **6.2 SEHK**

As of the date of this announcement, no application to the SEHK for the listing of, and permission to deal in, the Xinghua Shares on the main board of the SEHK has been made. There is no assurance that approval of the SEHK and other relevant authorities for the Proposed Listing and the listing of, and permission to deal in, the Xinghua Shares, on the main board of the SEHK will be granted.

An update announcement will be made by the Company when an application has been made to the SEHK for listing of, and permission to deal in, Xinghua Shares.

## **7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS**

The financial effects of the Proposed Rights Issue and the Proposed De-merger Transactions on the Group are set out in Appendix 1 of this announcement.

## **8. SGX-ST**

### **8.1 Pre-consultation with the SGX-ST**

The Financial Adviser has, for and on behalf of the Company, submitted an application to the SGX-ST for clearance of the Proposed De-merger.

Based on the representations made, the SGX-ST has advised that it has no objection to the Proposed De-merger, subject to the following:

- (a) a confirmation provided to the SGX-ST that the Company's audited financial statements are not materially different from its unaudited financial statements for the financial year ended 31 December 2016;
- (b) the Company complying with the SGX-ST's listing requirements; and
- (c) the shareholders' approval for the Proposed De-merger being obtained at the extraordinary general meeting to be convened.

The SGX-ST however reserves the right to amend and/or vary the above confirmation/decision and such confirmation/decision is subject to changes in the SGX-ST's policies.

## 8.2 Relative Figures under Rule 1006 of the Listing Manual

Based on the latest audited consolidated financial statements of the Group for FY2016, the relative figures for the Proposed De-merger computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Listing Rule	Bases	Relative Figures
Rule 1006(a)	The aggregate net asset value ("NAV") of the assets to be disposed of, compared with the Group's NAV	49.86% <sup>(1)</sup>
Rule 1006(b)	The aggregate net profits <sup>(2)</sup> attributable to the assets to be disposed of, compared with Group's net profits	69.66% <sup>(3)</sup>
Rule 1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares	34.01% <sup>(4)</sup>
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as this is not an acquisition.
Rule 1006(e)	The 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	Not applicable as the Company is not a mineral, oil and gas company.

**Notes:**

- (1) Based on the aggregate NAV of the Xinghua as at 31 December 2016 of S\$154.9 million divided by the Group's NAV as at 31 December 2016 of S\$310.6 million.
- (2) Net profits refer to profit before income tax, minority interests and exceptional items.
- (3) Based on the aggregate net profits attributable to Xinghua for FY2016 of S\$26.1 million, divided by the Group's net profits for FY2016 of S\$37.4 million.
- (4) Market capitalisation of the Company as at 2 May 2017, being the last Market Day on which the Shares were traded preceding the date of this announcement, of S\$409.2 million.

As the relative figure for 1006(c) computed on the basis set out in Rule 1006 of the Listing Manual exceeds 20%, the Proposed De-merger constitutes a "major transaction" under Chapter 10 of the Listing Manual, and is conditional upon the approval of Shareholders at the EGM.

**8.3 Singapore Code of Takeovers and Mergers (the "Code")**

The Company is consulting and seeking confirmation from the Securities Industries Council on the implications of the Code in relation to the Proposed Transactions.

**9. EGM**

The Directors will be convening an EGM to seek the approval of Shareholders for the Proposed De-merger Transactions including, the Proposed De-merger and the Proposed Capital Reduction. A Circular in relation to, *inter alia*, the Proposed De-merger Transactions will be despatched by the Company to Shareholders in due course.

**10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save for the disclosure of the Directors' and substantial Shareholders' shareholding interests in the Company set out in the table below, none of the Directors or substantial Shareholders have any interest, whether directly or indirectly, in the Proposed Transactions, other than through their shareholdings in the Company (if any).

**10.1 Interests of Directors**

The interest of the Directors in the shares in the Company based on the information as recorded in the Register of the Directors' Shareholding in the Company as at 21 April 2017 are as follows:

Directors	Direct		Deemed	
	Number of Shares	% of total Shares <sup>(1)</sup>	Number of Shares	% of total Shares <sup>(1)</sup>
Ch'ng Jit Koon	1,448,000	0.26	-	-
Patrick Ng Bee Soon	27,969,630	4.99	-	-
Ng Bee Bee <sup>(2)</sup>	-	-	326,700,002	58.29



Jane Kimberly Ng Bee Kiok <sup>(2)</sup>	-	-	327,047,602	58.35
Lee Cheong Seng	2,000,000	0.36	-	-
Wong Cecil Vivian Richard	500,000	0.09	-	-
Phua Bah Lee <sup>(3)</sup>	1,465,000	0.26	10,000	0.002
Tay Siew Choon	830,000	0.15	-	-

**Notes:**

- (1) Based on the total number of issued Shares (excluding treasury shares) of 560,520,660 Shares as at 21 April 2017.
- (2) The deemed interests of Ng Bee Bee and Jane Kimberly Ng Bee Kiok include their shareholdings held as joint shareholders with Ng Han Whatt and the full shareholdings of OCBC Trustee Limited held in nominees.
- (3) 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.

## 10.2 Interests of Substantial Shareholders

The interest of the substantial Shareholders in the shares in the Company based on the information as recorded in the Register of Substantial Shareholders of the Company as at 21 April 2017 are as follows:

Substantial Shareholders	Direct		Deemed	
	Number of Shares	% of total Shares <sup>(1)</sup>	Number of Shares	% of total Shares <sup>(1)</sup>
Ng Han Whatt <sup>(2)</sup>	5,400,000	0.96	336,560,030	60.04
Ng Bee Bee <sup>(2)</sup>	-	-	326,700,002	58.29
Jane Kimberly Ng Bee Kiok <sup>(2)</sup>	-	-	327,047,602	58.35

**Notes:**

- (1) Based on the total number of issued Shares (excluding treasury shares) of 560,520,660 Shares as at 21 April 2017.
- (2) The deemed interests of Ng Han Whatt, Ng Bee Bee and Jane Kimberly Ng Bee Kiok include their shareholdings held as joint shareholders and the full shareholdings of OCBC Trustee Limited held in nominees.

## 11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have been delegated detailed supervision of the Proposed Transactions) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transactions, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

## 12. CAUTIONARY STATEMENT

**The Company would like to highlight that the Proposed Transactions are dependent on, *inter alia*, the requisite approvals from the relevant regulatory authorities and the then-prevailing market conditions. Further, the Directors may, notwithstanding that all requisite regulatory approvals have been obtained, in their sole and absolute discretion, decide not to proceed with any of the Proposed Transactions if, having regard to investors' interests and response at the material time and any other relevant factors, the Directors deem it not in the interests of the Company to proceed with the same. Accordingly, there is no assurance that the Proposed Transactions will materialise in due course or at all.**

**Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.**

By order of the Board

Cho Form Po  
Joint Company Secretary

3 May 2017

## Appendix 1

### 1. Bases and Assumptions

The financial effects on the Group, based on the audited consolidated financial statements of the Group for FY2016, and after taking into account the bases and assumptions set out below:

- (a) the Company undertakes the Proposed Rights Issue and on the assumption that the Maximum Subscription Scenario occurs;
- (b) the Proposed Capitalisation has been effected; and
- (c) Xinghua undertakes the Proposed Share Swap.

### 2. Share Capital

- (a) The share capital of the Company will increase by S\$60.87 million based on the Maximum Subscription Scenario under which 141,555,538 Rights Shares are being issued and allotted.
- (b) The Proposed Capital Reduction and the Proposed De-merger will reduce the Company's share capital by approximately S\$139.0 million.

	<b>As at 31 December 2016</b>	<b>Proforma after the Proposed Rights Issue</b>	<b>Proforma after the Proposed De-merger</b>
<b>Share capital (S\$'000)</b>	92,052	152,921	13,766

### 3. NTA

	<b>As at 31 December 2016</b>	<b>Proforma after the Proposed Rights Issue</b>	<b>Proforma after the Proposed De-merger</b>
NTA (S\$'000)	249,180	310,049	195,592
Number of Shares	559,777,660	707,777,698	707,777,698
NTA per Shares (cents)	44.5	43.8	27.6

4. **Earnings per Share**

	<b>As at 31 December 2016</b>	<b>Proforma after the Proposed Rights Issue</b>	<b>Proforma after the Proposed De-merger</b>
Profit attributable to shareholders (S\$'000)	24,108	26,496	10,029
<u>Weighted average number of Shares</u>			
Basic	559,777,660	707,777,698	707,777,698
Diluted	559,796,727	707,777,698	707,777,698
<u>Earnings per Share (cents)</u>			
Basic	4.3	3.7	1.4
Diluted	4.3	3.7	1.4

5. **Net Gearing**

	<b>As at 31 December 2016</b>	<b>Proforma after the Proposed Rights Issue</b>	<b>Proforma after the Proposed De-merger</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Net borrowings <sup>(1)</sup>	225,655	164,786	25,325
Total equity	310,646	371,515	216,641
Net gearing (times)	0.73	0.44	0.12

**Notes:**

(1) Net borrowings refer to the total borrowings less cash