

PanU proposes de-merger and rights issue; will establish two “pure play” companies

- Proposed de-merger of ports business as a separate listed entity
- Provides greater visibility and business understanding of two separate businesses
- Establishes direct access to capital markets for both businesses
- Proposed Rights Issue to improve capital structure

SINGAPORE, 3 May 2017 – Pan-United Corporation Ltd (“**PanU**”, “**泛联集团**” or the “**Group**”) today announced a proposed de-merger of its wholly-owned subsidiary, Xinghua Port Holdings Pte. Ltd. (“**Xinghua**” or “**兴华港口控股私人有限公司**”) (“**Proposed De-merger**”), the holding company of the Group’s ports business (“**Ports Business**”) as a separate listed entity.

The Proposed De-merger will see the establishment of two “pure play” companies – the new PanU Group (“**Proposed PanU Group**”) will continue with the Concrete & Cement Business (“**C&C Business**”), while Xinghua will focus on the Ports Business. The two businesses currently have limited operational overlap.

Upon completion of the de-merger, the Proposed PanU Group and Xinghua will continue operations as independent entities. This will allow the respective management teams to better focus on their core businesses and implement tailored strategies to grow and expand each business independently. It is the intention of the Group to apply for listing of and permission to deal in the shares of Xinghua on the main board of the Stock Exchange of Hong Kong (“**SEHK**”). This is expected to generate greater investor visibility and understanding as the proposed transactions will offer investors and shareholders the opportunity to better assess the respective market values of the C&C Business and Ports Business on a stand-alone basis.

The Proposed PanU Group and Xinghua will enjoy direct access to capital markets, whilst reducing exposure to risks undertaken by other divisions under the Group. Hence, both the Proposed PanU Group and Xinghua will benefit from enhanced financial capacity and flexibility to strengthen and further grow their individual businesses.



Proposed De-merger

The Proposed De-merger comprises the Proposed Restructuring, Proposed Capital Reduction, Proposed Share Incentive Scheme, Proposed Distribution and Proposed Listing (each as defined below and collectively, the “**Proposed De-merger Transactions**”).

Xinghua intends to undertake a restructuring exercise where Xinghua plans to capitalise an existing S\$102.0 million inter-company loan extended by PanU to Xinghua into newly issued Xinghua shares, and acquire the remaining 10.0% of the total issued and paid-up share capital of its subsidiary, Singapore Changshu Development Company Pte Ltd (“**SCD**”) from Petroships Investment Pte Ltd, via a proposed share swap (collectively, the “**Proposed Restructuring**”).

Upon completion of the Proposed Restructuring, PanU intends to undergo a capital reduction exercise (“**Proposed Capital Reduction**”). Thereafter, the funds generated from the Proposed Capital Reduction shall be returned to the shareholders by the distribution of PanU’s entire shareholding in the issued and paid-up capital of Xinghua to entitled shareholders on the indicative basis of one Xinghua share for every two existing PanU shares (or such other ratio as may be determined by the Directors, in their absolute discretion, at a later date) held as at the distribution books closure date, which will be announced on a later date (“**Proposed Distribution**”).

In conjunction with the Proposed Distribution, Xinghua also intends to issue new shares amounting up to 5% of the enlarged share capital of Xinghua under a one-time share scheme (the “**Proposed Share Incentive Scheme**”) for the benefit of select employees and certain business partners.

PanU intends for Xinghua to seek a listing by introduction on the main board of SEHK, which is closer in geographical proximity to Xinghua’s assets and operations situated in the People’s Republic of China (“**Proposed Listing**”). As of the date of this announcement, no application has been made to the SEHK for the listing of and permission to deal in the Xinghua shares. There is no certainty that the SEHK and other relevant authorities will grant approval for the Proposed Listing.

An extraordinary general meeting (“**EGM**”) will be convened to seek shareholders’ approval for the Proposed De-merger Transactions. The details of the EGM will be provided in a circular to be despatched to PanU shareholders in due course.

Proposed Rights Issue

Prior to the Proposed De-merger, the Group plans 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 PanU (“**Rights Shares**”), at an issue price of S\$0.43 per Rights Share, on the basis of one Rights Share for every four existing ordinary shares held by PanU shareholders. Entitled shareholders may choose to accept (in full or in part), decline, renounce or trade their provisional allotments of the Rights Shares, or apply for additional Rights Shares in excess of their provisional allotments.



The issue price represents a discount of approximately 41.1% and 33.6% to the closing price of S\$0.73 as at 2 May 2017 and the theoretical ex-rights trading price of S\$0.65¹ per share respectively.

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

As an indication of their support and commitment, and to maximise the potential participation of other shareholders, Mr Ng Han Whatt, Ms Ng Bee Bee, Ms Jane Kimberly Ng Bee Kiok and Mr Patrick Ng Bee Soon (collectively, the “**Undertaking Shareholders**”) have undertaken, amongst others, to subscribe to their full entitlement of the Rights Shares and, in parity, to not subscribe for any excess Rights Shares not taken up.

PanU intends to use the proceeds to partially retire the Company’s external debt that was obtained to acquire the additional equity stake in SCD in 2013.

In addition to optimising its capital structure, the Proposed Rights Issue will allow PanU to enlarge its capital base and further enhance the financial flexibility of the Group.

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.

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

Commitment to shareholders

“The Proposed De-merger represents a significant opportunity for the C&C Business and the Ports Business to focus on their respective core areas and implement expansion strategies on their own merits and strength. It sets the stage for the next phase of their long-term growth,” said Ms May Ng (黄美美), the Group’s Chief Executive Officer.

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



“Both entities will be better placed to capitalise on market opportunities in their growth as two independent, market-leading entities.”

CIMB Bank Berhad, Singapore Branch, has been appointed as the Group’s financial adviser to the Proposed De-merger Transactions and the manager for the Proposed Rights Issue.

The Group will keep shareholders apprised of material developments in relation to the Proposed Transactions, and will make the relevant announcements on SGXNet. Shareholders may wish to refer to the Executive Summary dated 3 May 2017 for a summary of the Proposed Transactions and information on the options available in relation to the Proposed Rights Issue.

Shareholders should refer to the details on the announcement dated 3 May 2017 on the SGXNet website.

-End-

This press release should be read in conjunction with the full information contained in the Proposed Transactions announcement dated 3 May 2017.



ABOUT THE GROUP

Pan-United Corporation Ltd (“PanU”, “泛联集团” or the “Group”) is an Asian multinational corporation focused on the concrete and Cement (C&C) and the port business. Its operations span five countries with a staff count in excess of 1,700 people. Trusted for consistently delivering quality products and reliable services to customers for over 50 years, PanU thrives on innovation, operational excellence and long-termism.

Concrete & Cement

PanU is Singapore’s largest supplier of ready mixed concrete (“RMC”) with a 40% share of the market. It is also the largest local cement supplier. The C&C businesses are vertically integrated with aggregate quarrying and logistics services to maximise on the value chain. PanU is also one of the top two RMC suppliers in Asia (ex-China), in terms of in-country market share and volume, with a growing footprint in Indonesia, Malaysia and Vietnam. It is committed to creating sustainable solutions for its customers, by harnessing innovation and cutting-edge technologies to develop quality concrete products that are safe and environmentally-friendly.

Ports

In China, Xinghua has built up strong trust in providing vital integrated logistics hub services from its two ports in Changshu City. Counted among China’s top ten river ports, based on yearly growth, they serve as the hub for import cargoes such as pulp and logs for robust domestic markets, and exports of high-value finished steel products and equipment. The ports’ strategic location on the Yangtze River Delta is a key competitive edge, both as an international port and as a cargo transshipment gateway for eastern and central China.

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.

For further enquiries, please kindly contact:

Amira Sadiran

NEWGATE COMMUNICATIONS

+65 6532 0606

amira.sadiran@newgatecomms.com.sg

Laura Ng

PAN-UNITED CORPORATION LTD

+65 6305 7392

laura.ng@panunited.com.sg