



**PAN-UNITED CORPORATION LTD**

(Incorporated in the Republic of Singapore)

(Company Registration No: 199106524G)

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**THE PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING INTEREST IN  
PT. PACIFIC GRANITAMA**

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**1. INTRODUCTION**

The board of directors ("**Board**") of Pan-United Corporation Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that a wholly-owned subsidiary of the Company, Resources Development (2010) Pte. Ltd. (the "**Seller**") and PT. Mega Alam Perkasa (the "**Purchaser**") have today entered into a sale and purchase of shares agreement ("**SPA**") in relation to the proposed sale by the Seller of 100,161,764 series A shares (the "**Sale Shares**"), representing 49.0% of the entire issued share capital of PT. Pacific Granitama ("**PTPG**") to the Purchaser for an aggregate cash consideration of S\$3,500,000 (the "**Purchase Price**"), upon the terms and subject to the conditions of the SPA (the "**Proposed Disposal**").

Upon completion of the Proposed Disposal, PTPG will cease to be a subsidiary of the Group.

**2. INFORMATION RELATING TO THE PURCHASER**

The Purchaser is a limited liability company incorporated and existing under the laws of the Republic of Indonesia. As at the date of this Announcement, the shareholders of the Purchaser are Wiyansand Nurdin and Johan Nurdin, holding 90.0% and 10.0% of the entire issued share capital of the Purchaser, respectively. Wiyansand Nurdin is a Director of PTPG, and Johan Nurdin is the Commissioner of PTPG and the majority shareholder of PT. Sandico Synergy Resources ("**SSR**"), the existing shareholder of PTPG which holds the remaining 51.0% of PTPG.

**3. INFORMATION RELATING TO PTPG**

- 3.1. PTPG is a limited liability company incorporated and existing under the laws of the Republic of Indonesia. As at the date of this Announcement, PTPG has an issued and paid-up share capital of approximately S\$28.6 million. The shareholders of PTPG are the Seller and SSR, holding 49.0% and 51.0% of the entire issued share capital of PTPG, respectively.
- 3.2. PTPG is in the business of the mining, production, sale and export of aggregates and other materials at, in or under the quarry located at Pangke Village-Karimun District, Riau Island Indonesia. As at the date of this Announcement, PTPG supplies the Group with aggregates required by the Group for its business operations.
- 3.3. Based on the latest announced unaudited consolidated financial statements of the Group for the

six months ended 30 June 2022 ("**1H2022**"), the book value and the net tangible asset value of PTPG was approximately S\$7.5 million and S\$6.7 million, respectively.

#### 4. **RATIONALE FOR THE PROPOSED DISPOSAL**

The Board believes that the Proposed Disposal is in the interests of the Group for the following reason:

PTPG's mining licence will expire in November 2023. The current laws of the Republic of Indonesia require that the applicant of a new mining license must be 100% owned by Indonesian nationals. Accordingly, to ensure that PTPG is able to apply for a new mining licence following the expiration of the current licence in November 2023, the Group intends to undertake the Proposed Disposal to dispose of its interest in PTPG to the Group's current Indonesian partners.

To ensure the continued supply of aggregates from PTPG to the Group following completion of the Proposed Disposal, the Group has also today entered into a supply and purchase agreement ("**Supply and Purchase Agreement**") with PTPG and SSR, for the right to purchase aggregates and other materials produced from the quarries operated by each of them. Further details of the Supply and Purchase Agreement are set out in Paragraph 6 of this Announcement.

#### 5. **PRINCIPAL TERMS OF THE SPA**

##### 5.1. **Sale Shares**

The Proposed Disposal involves the disposal of the Sale Shares, including all rights and title to and interest in or with respect to the Sale Shares, free from any encumbrances to the Purchaser, and the Purchaser hereby agrees to purchase and accept from the Seller, the transfer and delivery of the Sale Shares on the Closing Date (as defined below).

##### 5.2. **Purchase Price**

The Purchase Price of S\$3,500,000 shall be fully satisfied in cash by the Purchaser and will be paid in seven (7) tranches of S\$500,000 each (each, a "**Payment Tranche**"), to be paid quarterly to the Seller in the following manner:

- (a) payment of the first Payment Tranche will be made by the Purchaser to the Seller upon signing of the SPA; and
- (b) payment of the second to seventh Payment Tranche will be made by the Purchaser to the Seller every quarter from the date of entry into the SPA (each, a "**Payment Date**"). In the event that the Payment Date falls on a Saturday, Sunday or public holiday, the payment must be made on the Business Day<sup>1</sup> preceding the Payment Date.

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<sup>1</sup> "**Business Day**" means any day (except Saturday, Sunday or public holiday) on which banks located in Jakarta or Singapore are open for the purpose of conducting commercial banking business.

The Purchase Price was arrived on a willing-buyer and willing-seller basis, after taking into account, *inter alia*:

- (i) the expiry of PTPG's existing mining licence in November 2023; and
- (ii) the unaudited net book value of PTPG.

The Purchase Price represents a deficit of approximately S\$1.5 million over the net book value of the Sale Shares of approximately S\$5.0 million as at 30 September 2022. The loss on disposal from the Proposed Disposal amounts to approximately S\$1.5 million<sup>2</sup>.

### 5.3. Closing Conditions

Completion of the Proposed Disposal is conditional upon, amongst others, the satisfaction of the following conditions ("**Conditions Precedent**"):

- (a) the procurement of all regulatory requirements and approvals and all corporate approvals necessary to effectuate the Proposed Disposal by the Seller, including, among others:
  - (i) approval from the Ministry of Energy and Mineral Resources of the Republic of Indonesia in respect of the change of shareholding composition of PTPG and the Proposed Disposal; and
  - (ii) notification to the Ministry of Law and Human Rights of the Republic of Indonesia in respect of the change of shareholding composition of PTPG and/or the amendment of the Company's articles of association; and
- (b) the execution of an acknowledgement of indebtedness between the Purchaser and the Seller in the agreed form, in respect of the payment of the second to seventh Payment Tranche.

Subject to the terms and conditions of the SPA, the completion of the Proposed Disposal shall take place upon the fulfillment of the Conditions Precedent (the "**Closing Date**").

## 6. SUPPLY AND PURCHASE AGREEMENT

Concurrent with the entry into the SPA, PTPG and Pan-United Concrete Pte. Ltd. ("**PUCC**"), a wholly-owned subsidiary of the Company, have today entered into the Supply and Purchase Agreement, pursuant to which PUCC has the right to purchase from PTPG and SSR up to 90.0% of the aggregates and other materials produced from the quarries operated by each of them in the Republic of Indonesia in each calendar quarter, for an initial term of five (5) years from the Closing Date, with the option for PUCC to extend for another (2) years.

## 7. USE OF SALE PROCEEDS

The net proceeds from the Proposed Disposal are approximately S\$3.4 million. The net proceeds

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<sup>2</sup> Assuming that the Proposed Disposal is completed on 31 December 2022.

of the Proposed Disposal will be used to fund the Group's working capital requirements and any other future projects undertaken by the Group.

## 8. CHAPTER 10 OF THE LISTING MANUAL

### Relative Figures under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual")

The relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value <sup>(1)</sup>	3.4
(b)	The net profits/(loss) <sup>(2)</sup> attributable to the assets to be disposed of, compared with the Group's net profits/(loss)	(7.5) <sup>(3)</sup>
(c)	The aggregate value of the consideration received for the Proposed Disposal, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	1.3 <sup>(4)</sup>
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable <sup>(5)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves	Not applicable <sup>(6)</sup>

#### Notes:

- (1) "Net assets" means total assets less total liabilities. Based on the net asset value of PTPG of S\$7.5 million as at 30 June 2022 and the net asset value of the Group of S\$218.8 million as at 30 June 2022.
- (2) "Net profits/(loss)" means profit or loss before income tax, non-controlling interests and extraordinary items.
- (3) Based on (a) PTPG's unaudited net loss for 1H2022 of S\$1.3 million; and (b) the Group's unaudited consolidated net profits for 1H2022 of S\$17.5 million.
- (4) The Company's market capitalisation of approximately S\$265.4 million is based on its total number of issued ordinary shares ("**Shares**") of 698,436,625 and the weighted average price of S\$0.38 per Share on 13 October 2022, being the last traded market day prior to the date of the SPA.
- (5) Not applicable to a disposal of assets.
- (6) Not applicable as the Company is not a mineral, oil and gas company.

Based on the above, the relative figures computed under Rule 1006(b) involves a negative figure. Under Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 involves a negative number, Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1.

In this regard, as the Proposed Disposal constitutes the disposal of a loss-making asset, and (i) the absolute relative figure computed on the basis of Rules 1006(b) and (c) does not exceed 20%; and (ii) the loss on disposal of approximately S\$1.5 million<sup>3</sup> exceeds 5% but does not exceed 10% of the consolidated net profits of the Company of S\$17.5 million for 1H2022 (in each case, taking into account only the absolute values), the Proposed Disposal constitutes a "discloseable transaction" pursuant to paragraph 4.4(e) of Practice Note 10.1.

## 9. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group as set out below are purely for illustration purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Disposal.

The *pro forma* financial effects of the Proposed Disposal set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2021 as well as the following bases and assumptions:

- (a) the *pro forma* financial effects on the net asset value ("**NAV**") per Share is computed based on the assumption that the Proposed Disposal had been completed on 31 December 2021; and
- (b) the *pro forma* financial effects on the earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Disposal had been completed on 1 January 2021.

### 9.1. NAV per Share

As at 31 December 2021	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	205,070	201,511
Number of Shares ('000)	699,763	699,763
NAV per Share (cents)	29.3	28.8

### 9.2. EPS

For the financial year ended 31 December 2021	Before the Proposed Disposal	After the Proposed Disposal
Earnings (S\$'000)	18,686	15,489
Number of Shares ('000)	699,763	699,763
EPS (cents)	2.67	2.21

<sup>3</sup> Assuming that the Proposed Disposal is completed on 31 December 2022.

**10. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS**

As at the date of this Announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, save through their shareholdings in the Company (if any).

**11. SERVICE CONTRACTS**

As at the date of this Announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 7 Temasek Boulevard, #16-01 Suntec Tower One Singapore 038987 for a period of three (3) months from the date of this Announcement.

By Order of the Board

Kevin Cho  
Company Secretary

14 October 2022