

For immediate release

Pan-United to divest tug-and-barge business for S\$29.9 million

- *To focus more on other core businesses with better growth prospects*
- *Completion of transaction subject to shareholders' approval at an EGM*

SINGAPORE, 4 OCTOBER 2016 – Pan-United Corporation Ltd (“PanU”, “泛联集团” or the “Group”) today announced that it has entered into a sale and purchase agreement with Sedgefield Corporation Pte. Ltd. (“Sedgefield”), to divest its entire equity stakes in two wholly-owned subsidiaries, namely Pan-United Shipping Pte Ltd (“PUS”) and P.U. Vision Pte Ltd (“PUV”), collectively known as the “Tug and Barge Business”, for a cash consideration of S\$29,922,000.

The sale price was arrived at on a willing-buyer and willing-seller basis and after taking into consideration the unaudited net tangible asset value of PUS at S\$1,939,000 and PUV at S\$27,983,000, as at 30 September 2016.

PUS is engaged in shipping services and trading of bulk cargoes using chartered vessels from PUV or other third parties. PUV owns 12 tugboats and 10 barges, with an average age of eight (8) years, which are exclusively bareboat-chartered to PUS.

Rationale behind divestment

The Tug and Barge Business operates a fleet of tugboats and barges that ply the Southeast Asian region, providing short- and long-term charters, voyage charters, and contracts on an affreightment basis. However, the shipping industry has been faced with numerous headwinds in recent years, characterised by an oversupply in vessel capacity and lacklustre demand. These negative factors have resulted in a severe erosion of freight rates. As a result, the Tug and Barge Business has been incurring losses since 2013, and most recently recorded an aggregate net loss of S\$4.1 million for the half-year ended 30 June 2016.



In light of the very challenging shipping environment, the Group believes that the divestment of the entities will enable the Group to stem its losses arising from the Tug and Barge Business and improve PanU's financial position as a whole. The Shipping division of the Group will become 'asset-light' to continue providing logistics, ship chartering and ship agency services.

The proposed transaction would allow the Group to better focus on its Concrete & Cement ("C&C") (previously known as Basic Building Resources) and Port businesses, which have been the key drivers behind PanU's growth over the past few years.

Next steps

The completion of the transaction remains subject to the satisfaction of several conditions precedent, including seeking approval from PanU shareholders at an extraordinary general meeting ("EGM") which will be convened at a later date. If approved, PanU intends to use the sale proceeds from the divestment to fund future projects, as well as for working capital needs.

A Shareholders' Circular containing additional details of the proposed disposal and enclosing the Notice of EGM, will be despatched to shareholders in due course.

Interested party transaction

The proposed divestment is deemed as an interested party transaction ("IPT") as the buyer, Sedgefield, is fully owned by Jane Kimberly Ng Bee Kiok ("Jane Ng"), Ng Bee Bee and Ng Han Whatt, who are controlling shareholders of PanU.

-End-



ABOUT THE GROUP

Pan-United Corporation Ltd (“PanU”, “泛联集团” or the “Group”) is an Asian multinational corporation focused on Concrete & Cement (C&C) and Ports.

In FY2015, the Group recorded revenue in excess of S\$800 million. Its operations span five countries with a staff count in excess of 1,600 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”) and cement, with over 40% share of both markets. These 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*, 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.

**ex-China, by in-country market share and volume*

Ports

PanU’s Xinghua Port Group in China has built up strong trust in providing vital integrated logistics hub services from its ports in Changshu City. Counted among China’s top ten river ports, 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.

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