



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

**THE PROPOSED ACQUISITION OF 90% OF THE EQUITY INTEREST IN CHANGSHU
CHANGJIANG INTERNATIONAL PORT CO., LTD**

1. INTRODUCTION

- 1.1 The Board of Directors of Pan-United Corporation Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that its subsidiary, Changshu Xinghua Port Co., Ltd ("**CXP**")¹, a company incorporated in the People's Republic of China ("**PRC**"), has on 18 February 2014 entered into an agreement (the "**Agreement**") with Changshu Binjiang Urban Construction Investment & Management Co., Ltd ("**CBUC**") to acquire 90% of the equity interest (the "**Sale Equity**") held by CBUC in Changshu Changjiang International Port Co., Ltd ("**CCIP**").
- 1.2 CBUC had put the Sale Equity for sale through an open-tender bidding process (the "**Tender**") and CXP had won the Tender. Subsequent to winning the Tender, CXP and CBUC entered into the Agreement.
- 1.3 Pursuant to the Agreement, CBUC will transfer to CXP, and CXP will acquire, the Sale Equity for an aggregate sum of RMB436.5 million (approximately S\$91.3 million) (the "**Proposed Acquisition**").

Completion of the Proposed Acquisition, whereby CXP shall be registered as the new owner of the Sale Equity, is expected to occur within 25 business days from the date of the Agreement (i.e. by 25 March 2014).

*Unless otherwise stated, the following exchange rate has been used in this announcement:
S\$1.00 = RMB4.7790*

2. INFORMATION REGARDING CCIP

- 2.1 CCIP is a company incorporated in the PRC and is currently wholly-owned by CBUC. Jiangsu Changshu Economic Development Group ("**JCED**"), a local state-owned entity, owns the entire collective beneficial interest in CBUC. JCED also holds a 5% stake in CXP.
- 2.2 CCIP owns and operates a multi-purpose break bulk port facility, located adjacent to CXP, which became operational in November 2012. The net tangible asset value of CCIP based on the unaudited financial statements of CCIP as at 31 December 2013 is RMB367.9 million (approximately S\$77.0 million).
- 2.3 On completion of the Proposed Acquisition, CXP and CBUC will own 90% and 10% of the equity interest in CCIP respectively.

¹ As at the date hereof, the Group has an 85.5% beneficial interest in CXP held through its wholly-owned subsidiary, Pan-United Infrastructure Pte. Ltd., and its 90% held subsidiary, Singapore Changshu Development Company Pte. Ltd.

3. RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 As part of its growth plans, the Group has been exploring avenues to tap strategic opportunities to grow its core businesses. The Proposed Acquisition is in line with the Group's objective of expanding its port and logistics businesses.
- 3.2 CXP operates the multi-purpose cargo port located within a high growth industrial zone along the Yangtze River, 90 kilometres west of Shanghai. CCIP, which is located just adjacent to CXP, operates a break bulk cargo port similar to CXP but smaller in design throughput and size. As the operations of CCIP and CXP are complementary and the ports are located next to each other, the Company is of the opinion that CCIP will provide commercial and operational synergies with the current operations of CXP.
- 3.3 The Company expects that if the operations of both port facilities are integrated, economies of scale can be achieved and this would lead to value-added expansion and the optimising of its operations in Changshu over time. In this connection, the integration of the two (2) ports would also result in the diversification, expansion and stability of the cargo base of both ports as CXP is in a position to optimise its port facilities by focusing on larger ships whilst CCIP's port facilities are more suited for smaller ships and domestic cargoes.

4. CONSIDERATION

- 4.1 CXP had submitted and won the bid in the Tender at the bid price of RMB436.5 million (approximately S\$91.3 million) (the "**Consideration**"). Pursuant to the Agreement, the Consideration shall be fully paid by 18 March 2014.
- 4.2 The Consideration was arrived at after considering and taking into account the minimum bid price required in the Tender and, *inter alia*, the following factors:
- (a) the business prospects of CCIP;
 - (b) the economic potential of CCIP's port facilities; and
 - (c) the rationale for the Proposed Acquisition as disclosed in Section 3 above.
- 4.3 The Consideration will be fully satisfied in cash and funded by CXP through internally generated funds and external financing.

5. FINANCIAL EFFECTS

5.1 Assumptions

The financial effects of the Proposed Acquisition on the Group as set out below are for illustrative purposes only and do not reflect either the actual financial effects of the Proposed Acquisition on the Group or the future financial performance and/or position of the Group immediately following the completion of the Proposed Acquisition.

The financial effects of the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December

2012 (being the most recent announced consolidated full-year financial statements of the Group) and the following key assumptions:

- (a) the effect of the Proposed Acquisition on the net tangible assets ("**NTA**") per ordinary share in the share capital of the Company ("**Share**") of the Group shown below is based on the assumption that the Proposed Acquisition had been completed on 31 December 2012;
- (b) the effect of the Proposed Acquisition on the earnings per Share ("**EPS**") of the Group, is based on the assumption that the Proposed Acquisition had been completed on 1 January 2012 and is 50% funded by bank loans; and
- (c) the NTA per Share and EPS of the Group are computed based on 559,810,660 Shares as at the date of this announcement.

5.2 Financial Effects

- (a) NTA

On the bases and assumptions set out above, the financial effects of the Proposed Acquisition on (i) the NTA of the Group and (ii) the NTA per Share are as follows:

	As at 31 December 2012	
	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	316,505	301,439
NTA per Share (S\$)	0.57	0.54

- (b) EPS

On the bases and assumptions set out above, the financial effects of the Proposed Acquisition on the EPS of the Group are as follows:

	12 months ended 31 December 2012	
	Before the Proposed Acquisition	After the Proposed Acquisition
Attributable profits after tax to shareholders (S\$'000)	43,065	35,389
EPS (Singapore cents)	7.7	6.3

6. RELATIVE FIGURES OF THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 **Relative Figures Pursuant to Rule 1006 of the Listing Manual**

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the Proposed Acquisition, based on the unaudited consolidated third quarter financial statements of the Group for the nine (9) months ended 30 September 2013 (the "3Q2013 Financial Statements") (being the most recent announced consolidated financial statements of the Group), are as follows:

Rule 1006	Bases	Relative Figure
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as the Proposed Acquisition is an acquisition of assets
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	-8.0% ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation	17.8% ⁽²⁾
(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 no equity securities are issued by the Company in connection with the Proposed Acquisition

Notes:

- (1) Based on the 3Q2013 Financial Statements, the net profit of the Group was S\$48,550,000. Based on information obtained by the Group, CCIP made a net loss of RMB24.3 million in the nine (9) months ended 30 September 2013.
- (2) The Company's market capitalisation was computed based on the Company's total number of issued shares (excluding treasury shares) of 559,810,660 shares and the price per share of S\$0.9178 traded on the SGX-ST at the close of trading on 18 February 2014 being the market day on the date of the Agreement.

6.2 **Discloseable Transaction under Rule 1010 of the Listing Manual**

Under Rule 1007 of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual is a negative figure, the provisions of Chapter 10 of the Listing Manual may still be applicable to the transaction at the discretion of the SGX-ST and the Company should consult the SGX-ST.

As the relative figure of the Proposed Acquisition computed on the base set out in Rule 1006(b) of the Listing Manual is negative, the Company had consulted with the SGX-ST to seek confirmation that the Company is not required to seek the approval of its shareholders

("Shareholders' Approval") pursuant to Rule 1014 of the Listing Manual, read together with Practice Note 10.1 of the Listing Manual, in relation to the Proposed Acquisition for, *inter alia*, the following reasons:

- (a) the Proposed Acquisition is in the ordinary course of the Group's businesses and the principal activities of the Group would remain the same before and after the Proposed Acquisition and there would be no material change in the Group's businesses after the Proposed Acquisition;
- (b) the Proposed Acquisition is in the interests of the Group as the Company has been exploring avenues to tap strategic opportunities to expand its core businesses and the Proposed Acquisition provides the Group with the opportunity to grow its port and logistics businesses in the PRC. Furthermore, the complementary nature and strategic location of CCIP's break bulk cargo port with CXP's multi-purpose port will create commercial and operational synergies leading to the growth of both ports simultaneously;
- (c) the losses made by CCIP is not a meaningful indication of the significance of the Proposed Acquisition as CCIP's port became operational only in November 2012 and the Company is of the view that with the Group's port management skills and experience, particularly in the Changshu region, and with the potential synergies of both CXP's and CCIP's port facilities, the Group will be able to grow CCIP's port in terms of profitability; and
- (d) the Proposed Acquisition has the support of the controlling shareholders of the Company who in aggregate control approximately 68.17% of the Company.

The Company has obtained confirmation from the SGX-ST that Shareholders' Approval in relation to the Proposed Acquisition will not be required and has been informed by the SGX-ST that the Proposed Acquisition would be deemed a "discloseable transaction" under Chapter 10 of the Listing Manual.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition. No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition.

8. DOCUMENT FOR INSPECTION

A copy of the Agreement is available for inspection 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 (3) months commencing from the date of this announcement.

By Order of the Board

N. Shoba
Company Secretary
Date: 19 February 2014

Forward-Looking Statements

All statements other than statements of historical facts included in this announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.