

21 August 2017

Notice Pursuant to Section 708AA(2)(f) of the Corporations Act

Pan Asia Corporation Limited ACN 083 160 909 (the “Company” or “PZC”) has today announced that it will undertake a pro rata, non-renounceable, fully underwritten rights issue (the “Offer”). Under the Offer, shareholders with a registered address in Australia or New Zealand will be invited to subscribe for one ordinary PZC share (New Share) for every one ordinary PZC share held at 7:00pm (AEST) on 24 August 2017 at an issue price of \$0.002 per share.

This notice is given by the Company under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (Corporations Act) as modified by ASIC Class Order 08/35 (CO 08/35).

The Company confirms that:

(a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Corporations Act;

(b) as at the date of this notice, the Company has complied with:

(i) the provisions of chapter 2M of the Corporations Act as they apply to PZC; and

(ii) section 674 of the Corporations Act;

(c) as at the date of this notice, there is no information that is ‘excluded information’ (within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act as notionally modified by CO 08/35); and

(d) the potential effect that the Entitlement Issue will have on the control of PZC is as follows:

(i) If all shareholders take up their entitlements for New Shares, the Offer Issue will have no effect on the control of PZC and all shareholders will hold the same percentage interest in PZC.

(ii) In the more likely event that there is a shortfall, shareholders who do not subscribe for their full entitlement under the Offer will be diluted relative to those shareholders who subscribe for their full entitlement.

(iii) The Offer is fully underwritten by Investment Advisers Alliance Pty Limited ACN 005 096 444 (“IAA”). IAA is a Related Party of PZC and is controlled by Mr Peter Chai, a Director of PZC. Under the underwriting agreement, IAA is obliged to subscribe for 100% of any shortfall. The extent to which shares are issued pursuant to the underwriting will increase IAA’s voting power in the Company, and consequently the voting power of Mr Chai. In the event that IAA is required to subscribe for all of the shortfall shares up to the underwritten amount, the relevant interest of IAA and of Mr Chai will be 55.11%.

The relevant interests of IAA and Mr Chai under several scenarios are set out in the table below.

Event	Shares held directly by Mr Chai	Shares controlled by Mr Chai	Voting power of Mr Chai (%)
Date of Offer	0	62,642,249	5.11
Completion of the Offer			
—Fully subscribed	0	62,642,249	5.11
—75% subscribed	0	215,974,923	17.61
—50% subscribed	0	369,307,603	30.11
—25% subscribed	0	522,640,280	42.61
—0% subscribed	0	675,972,957	55.11

The number of Shares held by IAA and its voting power in the table above shows the potential effect on control of the Company of the underwriting of the Offer.

(e) The consequences of the potential effect on control of PZC referred to above will be an increase in the voting power of IAA by an amount equal to the percentage increase in its interest in PZC shortfall shares. It is possible that IAA will control PZC as a result of the underwriting.