

Pan-United Corporation Ltd (PUC) –

Demerger of Wholly-Owned Subsidiary, Pan-United Marine Limited (PUM)

As part of the restructuring of the PUC Group, shareholders of PUC, on 5 March 2004, approved the demerger of the Marine business at the Company's Extraordinary General Meeting. The demerger was effected through a capital reduction of the Company by way of a distribution *in specie* of all the shares in PUM held by the Company to shareholders. The demerger of our Marine group from PUC was undertaken to enhance shareholder's value.

On 15 April 2004, the capital reduction exercise was completed and the demerger of PUM as a separate group was officially effective. Listing of PUM on the Main Board of Singapore Exchange Securities Trading Limited took effect from 19 April 2004.

Moving forward, both PUC and PUM will be able to focus on their respective

core businesses and independently tap the capital market for their future growth. These will give them more flexibility in harnessing new opportunities to enhance their competitiveness and growth.

PUC will continue to focus and develop the Port, Shipping and Industrial & Trading businesses. These three core business groups, although diversified, are related and synergistic in nature and will complement each other to enhance its overall competitive advantage.

PUM, as a separately listed company, will focus even more on its customers' needs as well as on growth opportunities for its marine businesses. Through these, PUM and its subsidiaries hope to provide higher levels of services, quality and value to their customers.