BENG KUANG MARINE LIMITED
Registration No. 199400196M
(the "Company")

SUBSCRIPTION OF 38,000,000 NEW ORDINARY SHARES ("SUBCRIPTION SHARES") AND GRANT OF CALL OPTION OVER ANOTHER UP TO 38,000,000 NEW ORDINARY SHARES ("OPTION SHARES") IN THE CAPITAL OF BENG KUANG MARINE LIMITED

1. **BACKGROUND**

The Board of Directors of Beng Kuang Marine Limited (the "**Company**") wishes to announce that it has entered into a subscription agreement dated 7 September 2009 (the "**Subscription Agreement**") and a call option agreement dated 7 September 2009 (the "**Option Agreement**") with Mr. Tan Chin Hock, Mr. Ang Poon Beng, Mr Lee Wee Soon, Mr Goh Yew Gee, Mr Aw Yong Wee and Mr Low Chui Heng (collectively, the "**Subscribers**").

Pursuant to the authority granted by the shareholders of the Company to its directors (the "**Directors**") by way of ordinary resolution at the annual general meeting of the Company held on 27 April 2009 (the "**Share Issue Mandate**"), the Company proposes to raise capital by:

(a) issuing 38,000,000 Subscription Shares pursuant to a subscription by the Subscribers for the Subscription Shares (the "**Subscription**"), at an issue price of S$0.2250 for each Subscription Share (the "**Issue Price**"), to raise gross proceeds of approximately S$8,550,000; and

(b) granting to the Subscribers a call option to subscribe for another up to 38,000,000 Option Shares pursuant to a subscription by the Subscribers for the Option Shares (the "**Option**"), at an issue price of S$0.25 for each Option Share (the "**Exercise Price**"), to be exercised at the sole discretion of the Subscribers within the period of 3 years from the date of the Option Agreement, to raise an additional gross proceeds of up to S$9,500,000.

The Subscription Shares and Option Shares represent 19.76% of the issued and paid-up shares capital of the Company of 384,710,625 Shares at the time the approval for the Share Issue Mandate was granted.

2. **THE SUBSCRIPTION AGREEMENT AND THE CALL OPTION AGREEMENT**

2.1 **The Subscription Shares**

The Subscribers and the number of their Subscription Shares are as follows:

(a) Tan Chin Hock to subscribe for 7,000,000 Subscription Shares;
(b) Ang Poon Beng to subscribe for 6,000,000 Subscription Shares;
(c) Lee Wee Soon to subscribe for 2,000,000 Subscription Shares;
(d) Goh Yew Gee to subscribe for 10,000,000 Subscription Shares;
(e) Aw Yong Wee to subscribe for 6,000,000 Subscription Shares; and
(f) Low Chui Heng to subscribe for 7,000,000 Subscription Shares.

2.2 **The Option Shares**

The Subscribers and the number of their Option Shares are as follows:

(a) Tan Chin Hock to be granted a call option over 7,000,000 Option Shares;
(b) Ang Poon Beng to be granted a call option over 6,000,000 Option Shares;
(c) Lee Wee Soon to be granted a call option over 2,000,000 Option Shares;
(d) Goh Yew Gee to be granted a call option over 10,000,000 Option Shares;
(e) Aw Yong Wee to be granted a call option over 6,000,000 Option Shares; and
(f) Low Chui Heng to be granted a call option over 7,000,000 Option Shares.

The Company will apply to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the admission of the Subscription Shares and the Option Shares to the Official List of the SGX-ST and for the listing and quotation of the Subscription Shares and the Option Shares on the SGX-ST.

The Issue Price represents a discount of approximately 9.9% to the volume weighted average price of S$0.2497 for trades done on the shares of the Company ("**Shares**") on the SGX-ST on 3 September 2009 (being the preceding market day before the Subscription Agreement was signed) up to the time of the Company's trading halt on 4 September 2009.

The Exercise Price represents a premium of approximately 0.1% to the volume weighted average price of S$0.2497 for trades done on the Shares on the SGX-ST on 3 September 2009 (being the preceding market day before the Option Agreement was signed) up to the time of the Company's trading halt on 4 September 2009.

The Subscription Shares and Option Shares, when issued and delivered, shall rank *pari passu* with and shall carry all rights similar to the existing Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the respective completion of the Subscription and the Option.

Pursuant to the allotment and issue of the Subscription Shares, the Company's issued and paid-up share capital will increase from 390,041,625, Shares as at the date of this announcement, to 428,041,625 Shares. Such number of Subscription Shares represents approximately 9.74% of the existing issued and paid-up share capital of the Company as at the date of this announcement, and approximately 8.88% of the enlarged issued and paid-up share capital of the Company after the Subscription. Subsequently, pursuant to the allotment and issue of the Option Shares, the Company's issued and paid up share capital will increase from 428,041,625 Shares immediately following the Subscription to 466,041,625 Shares. Such number of Option Shares represents approximately 9.74% of the existing issued and paid-up share capital of the Company as at the date of this announcement, and approximately 8.15% of the enlarged issued and paid-up share capital of the Company after the Subscription and the Option.

2.3 **Conditions**

Completion of the Subscription and the Option is conditional upon, *inter alia*:-

(a) approval in-principle for the listing and quotation of the Subscription Shares and the Option Shares on the Official List of the SGX-ST being obtained from the SGX-ST and not revoked or amended as at the date of completion (the "**Completion Date**") and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Subscribers;

(b) the issue and subscription of the Subscription Shares and the Option Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement and the Option Agreement by any applicable

legislative, executive or regulatory body or authority of Singapore; and

(c) the Company and the Subscribers not being in breach of any of the undertakings and the covenants in the Subscription Agreement and the Option Agreement at the Completion Date.

3. INFORMATION REQUIRED PURSUANT TO RULE 810(2) OF THE SGX-ST LISTING MANUAL

Name of Subscriber	Number of Subscription Shares	Details on how the Subscriber was identified	Rationale for the Subscriber's subscription of shares
Tan Chin Hock	7,000,000	The Company had engaged in informal discussions with Tan Chin Hock	As a strategic investor
Ang Poon Beng	6,000,000	Introduced by Tan Chin Hock	For investment purposes
Lee Wee Soon	2,000,000	Introduced by Tan Chin Hock	For investment purposes
Goh Yew Gee	10,000,000	Introduced by Tan Chin Hock	For investment purposes
Aw Yong Wee	6,000,000	Introduced by Tan Chin Hock	For investment purposes
Low Chui Heng	7,000,000	Introduced by Tan Chin Hock	For investment purposes

4. FINANCIAL EFFECTS OF THE SUBSCRIPTION

The table illustrates the financial effects of the Subscription and Option on (i) the net asset value per share of the Company and its subsidiaries (the "**Group**") (assuming the Subscription and Option had been completed at the end of that financial period); and (ii) the earnings per share of the Group (assuming that the Subscription and Option had been completed at the beginning of that financial period) based on the unaudited financial statements of the Group for the half-year ended 30 June 2009 are set out below:

	Before (cents) [1]	After the Subscription (cents) [2]	After the Subscription and Option (cents) [3]
Effect of the Subscription and Option on the net asset value per share	10.57	11.63	12.74
Effect of the Subscription and Option on the earnings per share	1.42	1.29	1.19

Notes:
(1) Based on 384,710,625 shares as of 30 June 2009
(2) Based on 422,710,625 shares after 38,000,000 Subscription Shares
(3) Based on 460,710,625 shares after 76,000,000 Subscription and Option Shares

5. RATIONALE OF THE SUBSCRIPTION AND OPTION AND USE OF PROCEEDS

The rationale for the Subscription and Option is for the Company to raise additional funding for the purposes described below. The net proceeds to be raised by the Company from the Subscription and Option (after deducting estimated expenses of S$50,000) are approximately S$18.0 million. The Company intends to utilise the net proceeds from the Subscription and Option in the following estimated proportions:

Use of Proceeds	Subscription - Percentage Allocation (%)	Option - Percentage Allocation (%)
Repay bank borrowings	10 - 70	10 - 70
Funding capital expenditures for new yard	10 - 50	10 - 50
General working capital	10 - 20	10 - 20

6. GENERAL

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Subscription and the Option.

The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Subscription Shares and the Option Shares has been obtained from the SGX-ST.

By order of the Board
Chua Meng Hua
Executive Director
7 September 2009