

CIRCULAR DATED 26 APRIL 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Beng Kuang Marine Limited (the “Company”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (“Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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BENG KUANG MARINE LIMITED
(Incorporated in the Republic of Singapore)
(Registration No: 199400196M)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ASIAN SEALAND ENGINEERING PTE LTD

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	11 May 2019 at 10:00 a.m.
Date and time for Extraordinary General Meeting	:	13 May 2019 at 10:00 a.m.
Place of Extraordinary General Meeting	:	55 Shipyard Road, Singapore 628141

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PROXY FORM

DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or states:

- “Agreement”** : The Sale and Purchase Agreement dated 23 January 2019 entered into between the Company and the Purchaser in relation to the Proposed Disposal
- “Announcement”** : The announcement issued by the Company on 23 January 2019 relating to the Proposed Disposal
- “Asian Sealand Engineering”** : Asian Sealand Engineering Pte Ltd (Reg No. 197000856W), a wholly-owned subsidiary of the Company
- “ASE Subsidiaries”** : (i) International Offshore Equipments Pte. Ltd. (Reg No. 201118572Z), a company incorporated in Singapore; and
(ii) International Offshore Equipment Canada Inc (Reg No. 977201-4), a company incorporated in Canada
- “Associate”** : This term shall have the same meaning as ascribed to it in the SGX-ST Listing Manual, as amended from time to time
- “Assets”** : Assets of Asian Sealand Engineering, comprising facilities, equipment, furniture and fittings located at the Shipyard, as specifically listed in Part 3 of Schedule 3 of the Agreement
- “Board”** : The Board of Directors of the Company for the time being
- “Business Day”** : A day on which commercial banks are open for business in Singapore (excluding Saturdays, Sundays and public holidays)
- “BKM Contracts”** : Existing contracts which will be terminated and/or novated by Asian Sealand Engineering to the Company and/or any subsidiaries of the Company (including the ASE Subsidiaries) on or before the Completion Date, and more specifically listed in Part 2 of Schedule 3 of the Agreement
- “CDP”** : The Central Depository (Pte) Limited of Singapore
- “CEO”** : Chief Executive Officer
- “Circular”** : This circular to Shareholders dated 26 April 2019
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended from time to time
- “Company”** : Beng Kuang Marine Limited
- “Completion”** : Completion of the Proposed Disposal
- “Completion Date”** : The day that is 10 Business days after the day of fulfilment or waiver of the conditions set out in clause 4 of the Agreement – “*Conditions Precedent*” (or such other date as may be agreed in writing between the Purchaser and the Company)
- “Consideration”** : The aggregate amount of S\$14 million, being the aggregate consideration for the Proposed Disposal, to be satisfied fully in cash, and payable by the Purchaser to the Company
- “Continuing Accounts Payable”** : Trade payables of Asian Sealand Engineering as at the date of the Agreement and listed in Part 1 of Schedule 4 of the Agreement, which the Company and the Purchaser agreed would be borne by the Company

DEFINITIONS

“Continuing Accounts Receivable”	:	Trade receivables of Asian Sealand Engineering as at the date of the Agreement, listed in Part 2 of Schedule 4 of the Agreement, which the Company and the Purchaser agreed would be for the benefit of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company; or (b) in fact exercises control over the Company
“Corporate Restructuring”	:	Has the meaning ascribed to it in Section 2.9 (a) of this Circular
“Directors”	:	The Directors of the Company for the time being
“EGM”	:	Extraordinary General Meeting of the Company, notice of which is set out on pages 24 to 25 of this Circular
“FY”	:	The financial year ended or ending 31 December
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 15 April 2019
“Licenses”	:	Licenses, consents, approvals, registrations and authorities necessary for, and all statutory and other requirements currently applicable to, the business of Asian Sealand Engineering, comprising primarily of the ISO 9001:2015 accreditation, status as an approved vendor of customers and ownership registration of the Shipyard
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“EPS / LPS”	:	Earnings / Loss per Share
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NAV”	:	Net asset value
“NTA”	:	Net tangible assets
“Proposed Disposal”	:	The proposed disposal of the entire issued and paid-up capital of Asian Sealand Engineering
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Purchaser”	:	The purchaser of the Sale Shares pursuant to the Agreement being Lanco Construction and Engineering Pte Ltd
“Remaining Contracts”	:	Existing contracts as at Completion Date which cannot be terminated and/or novated by Asian Sealand Engineering to the Company and/or any other subsidiaries of the Company (including the ASE Subsidiaries), and more specifically listed in Part 1 of Schedule 3 of the Agreement, and which contracts shall be performed by the Company and/or its subsidiaries (including the ASE Subsidiaries)
“Remaining Employees”	:	Employees of Asian Sealand Engineering who will remain under the employment of Asian Sealand Engineering for a maximum period of 1 year following Completion, as listed in Schedule 5 of the Agreement
“Sale Proceeds”	:	Proceeds from the sale of the Sale Shares being the aggregate amount of S\$14 million

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“Sale Shares”	:	The entire issued and paid-up share capital of Asian Sealand Engineering, which are to be sold by the Company to the Purchaser pursuant to the Proposed Disposal
“SFA”	:	Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Shipyard”	:	The property located at 55 Shipyard Road, Singapore 628141 and the accompanying fixtures and chattels (details of which are exhaustively set out in Schedule 2 of the Agreement)
“Substantial Shareholder”	:	A person who holds directly or indirectly 5% or more of the total number of issued Shares (excluding treasury shares)
“S\$” or “SGD” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“%” or “per cent.”	:	Per centum or percentage

The expressions “**depositor**” and “**Depository Register**” shall have the respective meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it by Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and vice versa. References to persons shall, where applicable, include firms, corporations and other entities.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to shares being allotted to a person includes allotment to CDP for the account of that person.

Any discrepancies in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

LETTER TO THE SHAREHOLDERS

BENG KUANG MARINE LIMITED
(Incorporated in the Republic of Singapore)
(Registration No: 199400196M)

Directors:

Mr Chua Beng Kuang (Executive Chairman)
Mr Chua Meng Hua (Managing Director and Chief Executive Officer)
Mr Goh Chee Wee (Independent Director)
Mr Low Wee Siong (Independent Director)

Registered Office:

55 Shipyard Road
Singapore 628141

Date: 26 April 2019

To: The Shareholders of Beng Kuang Marine Limited

Dear Sir/Madam

THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ASIAN SEALAND ENGINEERING PTE LTD

1. INTRODUCTION

1.1 EGM

The Board proposed to convene the EGM to be held at 55 Shipyard Road Singapore 628141 on 13 May 2019 to seek approval of the Shareholders for the Proposed Disposal, as further explained in Section 2 below.

1.2 Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal, and to seek Shareholders' approval for the Proposed Disposal at the forthcoming EGM.

2. INFORMATION ON THE PROPOSED DISPOSAL

2.1 Background and Rationale for the Proposed Disposal

Background

On 14 August 2018, the Company announced that it had entered into a non-binding term sheet with Lanco Construction and Engineering Pte Ltd (the "**Purchaser**") in relation to the proposed disposal of shares in the issued capital of its wholly-owned subsidiary, Asian Sealand Engineering for a consideration of S\$14 million.

Subsequently, on 23 January 2019, the Company announced that it had, on the same date, entered into an Agreement with the Purchaser, to sell the entire issued and paid-up capital of its wholly-owned subsidiary, Asian Sealand Engineering Pte Ltd for an aggregate cash consideration of S\$14 million. A copy of this announcement is available on the website of the SGX-ST at www.sgx.com.

Due to a weak offshore, oil and gas market condition, Asian Sealand Engineering had incurred and retained losses of S\$3.99 million for FY2017 and retained losses of S\$6.13 million as at the end of FY2018.

LETTER TO THE SHAREHOLDERS

Rationale

The Directors are of the view that the Proposed Disposal is in the best interests of the Company taking into consideration the following factors:

- (a) it would allow the Company to realise value in Asian Sealand Engineering that comprises its assets such as the Shipyard;
- (b) it would allow the Group to focus on its core businesses, thus benefitting shareholders and other stakeholders (including employees, customers and suppliers of the Group) alike;
- (c) it would increase cash and liquidity for the Group and relieve the heavy loan and interest burden, thereby reducing the impact of increasing interest rates on the Group's profit margin and reduce the overall debt gearing for the Group; and
- (d) the Proposed Disposal is undertaken for the purpose of disposing the loss-making subsidiary and reducing the cost associated with maintaining Asian Sealand Engineering and enhancing the balance sheet of the Group. The Proposed Disposal will enable the Group to channel resources into other business activities that are anticipated to have better prospects and financial performance.

SGX-ST watch-list

On 27 August 2015, the Company completed a share consolidation exercise to consolidate every four ordinary shares in the Company into one consolidated share so as to comply with the Minimum Trading Price Entry Criteria (the "MTP") pursuant to Rule 1311(2) of the Listing Manual. As a result, 540,041,625 ordinary shares were consolidated into 135,010,406 consolidated shares. Notwithstanding the aforesaid share consolidation exercise, the Company did not meet the MTP requirement since the average consolidated share price was below S\$0.20 and the average daily market capitalisation was below S\$40 million for a period of six months.

With effect from 5 June 2017, the Company was placed on the SGX-ST watch-list under the MTP requirement pursuant to Rule 1311(2) of the Listing Manual. The Company has a 36-month cure period from 5 June 2017 to meet the requirements under Rule 1314(2) of the Listing Manual for its removal from the SGX-ST watch-list. The end date of the 36-month cure period is 4 June 2020.

The Proposed Disposal will also allow for the Company to fully focus its efforts toward restoration of the Company's financial health and removing itself from the SGX-ST watch-list. The Company will continue to explore various options available to it to meet the MTP requirement before the expiry of the cure period. Where opportunities arise, the Company will decide on relevant options that will best serve the interests of the Company's shareholders.

Proposed Disposal as a "major transaction"

The Proposed Disposal constitutes a "major transaction" by the Company under Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to and conditional upon the approval of Shareholders at the EGM.

Further information on the Proposed Disposal and the requirement for Shareholders' approval under Chapter 10 of the Listing Manual are set out below.

2.2 Information on Asian Sealand Engineering

Asian Sealand Engineering is a wholly-owned subsidiary of the Company. It is incorporated in Singapore on 24 September 1970 and acquired by the Company on 28 April 1998. Its current businesses include the provision of process and industrial plant engineering design and consultancy services. It is also the registered owner of the Shipyard.

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As at the Latest Practicable Date, the details of Asian Sealand Engineering are set out below:

Name of Subsidiary	Place of incorporation and operation	Date of incorporation	Principal activities	Percentage of equity held (%)
<i>Directly held by the Company:</i>				
Asian Sealand Engineering Pte Ltd	Singapore	24 September 1970	Provision of process and industrial plant engineering design and consultancy services	100
<i>Directly held by Asian Sealand Engineering</i>				
International Offshore Equipments Pte Ltd (“ International Offshore Equipments Singapore ”)	Singapore	4 August 2011	Manufacture and repair of marine engine (including custom design, fabrication and upgrading of steel structures and mechanical engineering works)	51*
<i>Directly held by International Offshore Equipments Singapore</i>				
International Offshore Equipment Canada Inc. (“ International Offshore Equipment Canada ”) (Collectively, the “ ASE Subsidiaries ”)	Canada	30 May 2016	Sales & marketing of deck equipment and after-sales support	100

Note

* *The remaining 49% of International Offshore Equipments Singapore is held by Ng Kwang Choo holding 24.5% and Arumugam Anandhara holding 24.5%. Ng Kwang Choo and Arumugam Anandhara are independent parties unrelated to any Directors and/or Substantial Shareholders of the Company.*

Asian Sealand Engineering specializes in project management services primarily in the areas of engineering, procurement and construction (EPC). Such services include managing and constructing turnkey projects, industrial and marine electrical and automation works, fabrication and installation of heavy steel structures and piping systems as well as shipbuilding and conversion mainly in Singapore and Batam. In FY2018, the business of Asian Sealand Engineering (excluding the two ASE Subsidiaries) accounted for 13.77% or S\$8.8 million of the Group’s total revenue.

LETTER TO THE SHAREHOLDERS

The marine and offshore oil and gas markets remained depressed with no significant improvement in global crude oil prices. As such, demand for services for process and industrial plant engineering and design has remained weak as oil companies and shipowners slashed or deferred their capital expenditure. Asian Sealand Engineering has continually been operating below capacity and would likely incur further losses if the circumstances persist.

Financial Information of Asian Sealand Engineering (excluding the two ASE Subsidiaries)

The unaudited NAV of Asian Sealand Engineering (excluding the two ASE Subsidiaries) as at 31 December 2018 was S\$7.78 million while the Group's audited NAV as at 31 December 2018 was S\$52.58 million. Accordingly, The NAV of Asian Sealand Engineering represents approximately 14.8% of the Group's NAV.

The unaudited financial statements of Asian Sealand Engineering ended 31 December 2018 reflected a net loss attributable to Asian Sealand Engineering (excluding the two ASE Subsidiaries which would not be disposed) of S\$2.14 million, while the Group's audited net loss for FY2018 is S\$11.66 million. Accordingly, the net loss attributable to the assets disposed of is approximately 18.64% of the Group's net loss.

The key financial information of Asian Sealand Engineering, excluding the two ASE Subsidiaries is as follows:

Unaudited Profit & Loss Statement For FY2018

	S\$
External revenue	8,830,406
Intercompany sales	2,879,772
Total revenue	<u>11,710,178</u>
Cost of sales	<u>(12,210,333)</u>
Gross loss	(500,155)
Other income	162,329
Less:	
Administrative expenses	(1,167,759)
Financial expenses	<u>(624,823)</u>
Net loss before tax	(2,130,408)
Taxation	<u>(6,589)</u>
NET LOSS AFTER TAX	<u>(2,136,997)</u>

LETTER TO THE SHAREHOLDERS

Balance Sheet as at 31 December 2018

	S\$
ASSETS	
Current assets	
Cash and cash equivalents	45,360
Trade and other receivables	15,267,478
Contract assets	464,583
Inventories	467,106
	<u>16,244,527</u>
Non-current assets	
Investment in subsidiaries	316,200
Property, plant and equipment	10,322,808
Deferred income tax assets	1,085,430
	<u>11,724,438</u>
Total assets	<u>27,968,965</u>
LIABILITIES	
Current liabilities	
Trade and other payables	15,712,859
Borrowings	4,275,408
	<u>19,988,267</u>
Non-current liabilities	
Borrowings	7,110,784
Total Liabilities	<u>27,099,051</u>
NET ASSETS	<u>869,914</u>
EQUITY	
Share capital	7,000,000
Retained losses	(3,993,089)
Loss during the year	(2,136,997)
TOTAL EQUITY	<u>869,914</u>

2.3 Information on the Purchaser

The Purchaser is Lanco Construction & Engineering Pte Ltd, a company incorporated in Singapore and having its registered office at 50 Tuas Basin Link, Singapore 638773. Its principal business activities are building construction and value-added logistics providers. Mr Tay Tuang Heng is the major shareholder and one of the directors of the Purchaser. The other substantial shareholders and/or directors are Mr Wong Nyuk Fah, Mr Chai Meng Fook and Mr Tay Kuan Seng.

To the best of the Directors' knowledge and belief, neither the Purchaser, Mr Tay Tuang Heng or the other substantial shareholders and/or directors of the Purchaser: (i) is acting as a nominee or trustee of, or taking instructions from our Directors, Controlling Shareholders or the CEO of the Company and their respective Associates; and (ii) is related to or has any connection with the Company, our Directors and Controlling Shareholders, save for the Proposed Disposal.

2.4 Information on the Broker

The Purchaser was introduced to the Company by Mr. Keng Yew Huat, a sole proprietor of Sin Hock Huat Construction (the “**Broker**”), an independent third-party introducer which provides consultancy services by referring and matching strategic investors, lenders, buyers and sellers.

To the best of the Directors’ knowledge and belief, the Broker is not related to the Company, our Directors or Controlling Shareholders. The Broker fee is based on a mutually agreed rate of 4% on the Sale Proceeds of Asian Sealand Engineering and was decided on an arm’s length basis between the Company and the Broker. The Broker fee rate was considered reasonable by the Company, taking into consideration the uncertainties in the marine offshore oil and gas industry, difficulties in securing a buyer in this industry and the increasing retained losses of Asian Sealand Engineering.

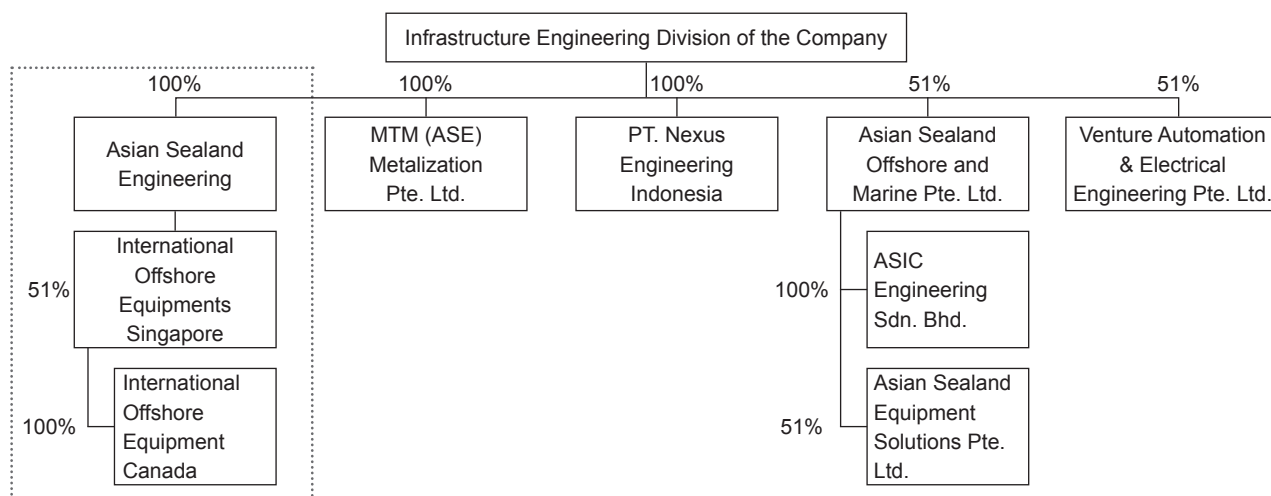
2.5 Group Structure and Corporate Restructuring

The Group Structure

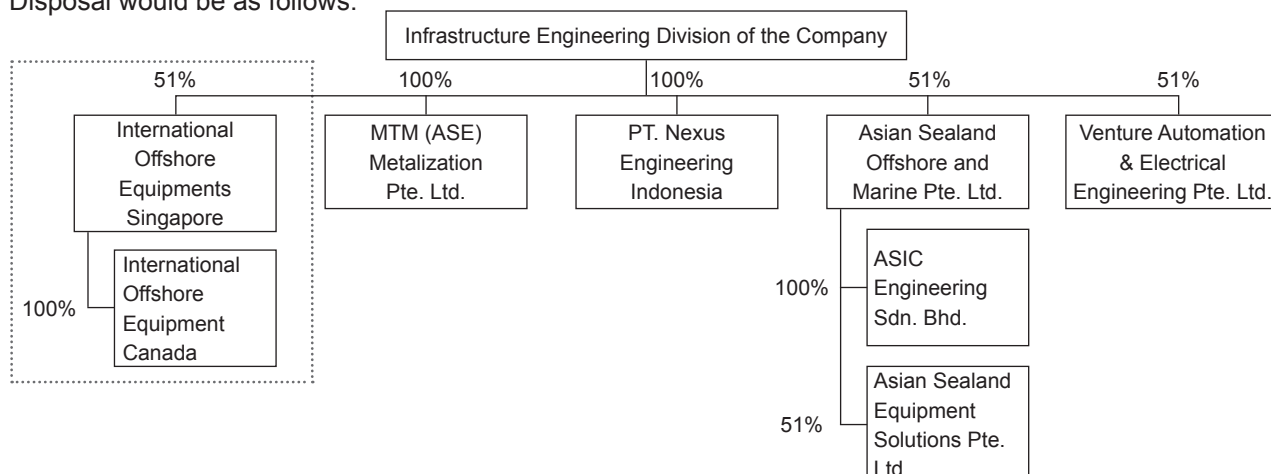
The Group’s current corporate structure consists of four divisions, namely the *Infrastructure Engineering Division*, *Corrosion Prevention Division*, *Supply and Distribution Division* and *Shipping and Others Division*. Asian Sealand Engineering and the two ASE Subsidiaries fall under the *Infrastructure Engineering Division* of the Group.

The Company acquired Asian Sealand Engineering on 28 April 1998. Two subsidiaries of Asian Sealand Engineering, namely International Offshore Equipments Singapore and International Offshore Equipment Canada were incorporated on 4 August 2011 and 30 May 2016 respectively.

Prior to the Proposed Disposal, Asian Sealand Engineering is a wholly-owned subsidiary of the Company and in turn owns the two ASE Subsidiaries. The structure of the Group’s *Infrastructure Engineering Division* is as follows as at the date of this Circular:



The structure of the Group’s *Infrastructure Engineering Division* following Completion of the Proposed Disposal would be as follows:



LETTER TO THE SHAREHOLDERS

Corporate Restructuring

As described in the Group structure above, Asian Sealand Engineering is currently the parent company of International Offshore Equipments Singapore and International Offshore Equipment Canada (collectively, the “**ASE Subsidiaries**”). As stated as a condition precedent for Completion, Asian Sealand Engineering would have to undergo Corporate Restructuring such that:

- (i) the ASE Subsidiaries will be transferred to the Company and will not form part of Asian Sealand Engineering to be transferred to the Purchaser pursuant to the Proposed Disposal.
- (ii) the Licenses continue to be held by the Asian Sealand Engineering and only the Shipyard (on an unencumbered basis), the Assets, the Remaining Contracts, the Remaining Employees, the Continuing Accounts Payable and the Continuing Accounts Receivable remain on the balance sheet of Asian Sealand Engineering as at the Completion Date.

The Group’s business post Completion of the Proposed Disposal

The project management business of the *Infrastructure Engineering* Division of the Group is mainly secured under the name of Asian Sealand Engineering as the latter possesses the relevant ISO 9001:2015 accreditation required by the customers of the *Infrastructure Engineering* Division. In addition, it is also on the approved vendor list of several customers. All of such projects are however executed and performed largely by the other entities within the *Infrastructure Engineering* Division of the Group which possess the relevant expertise, personnel and other resources for such projects. To date, such other entities within the *Infrastructure Engineering* Division have also acquired the requisite ISO 9001:2015 accreditation as well as the approved vendor status. As such, following the Proposed Disposal, the *Infrastructure Engineering* Division would still be able to carry on its existing businesses including project management activities previously carried out under the name of Asian Sealand Engineering. Activities and works such as fabrication, installation and testing which require a waterfront can be still be carried out at the Group’s waterfront yard located at Batam, notwithstanding that the Group would no longer own the Shipyard post Completion. The Company would also own the two ASE Subsidiaries after completion of the Corporate Restructuring and hence would carry on their respective businesses. As and when needed, Asian Sealand Engineering may also engage the Group as subcontractors for its projects post Completion. Accordingly, the Proposed Disposal would not result in any material adverse impact on the businesses of the Group.

Prior to the Corporate Restructuring, the balance sheet of Asian Sealand Engineering recorded only the paid-up share capital of the two ASE Subsidiaries as *Investment in Subsidiaries*. After the Corporate Restructuring, such *Investment in Subsidiaries* will be recorded in the balance sheet of the Company instead. In addition, the Company will continue to record any receivables arising from the Remaining Contracts. The Remaining Contracts are existing contracts as at Completion Date which cannot be terminated and/or novated by Asian Sealand Engineering to the Company and/or any subsidiaries of the Company or ASE Subsidiaries.

Performance for the Remaining Contracts would be undertaken by the Company and/or its subsidiaries (including the ASE Subsidiaries) for the respective end-customers who have entered into the Remaining Contracts with Asian Sealand Engineering. Payment for the performance of such Remaining Contracts shall be made to Asian Sealand Engineering and the latter shall transfer such proceeds, which are collected on behalf of the Company, to the Company.

LETTER TO THE SHAREHOLDERS

Financial Information of the Group (excluding Asian Sealand Engineering and including the two ASE Subsidiaries)

The key financial information of the Group, excluding Asian Sealand Engineering, is as follows:

Profit & Loss Statement for FY2018

	S\$
Revenue	52,436,050
Cost of sales	(45,436,501)
Gross profit	6,999,549
Other gains/(losses) – net	564,299
Expenses	
- Selling and distribution	(897,389)
- Administrative	(13,791,103)
- Finance	(2,172,288)
Loss before income tax	(9,296,932)
Income tax expense	(98,433)
NET LOSS	(9,395,365)

Balance Sheet as at 31 December 2018

	S\$
ASSETS	
Current assets	
Cash and cash equivalents	5,212,048
Trade and other receivables	22,800,657
Contract assets	5,417,268
Inventories	11,238,111
	<u>44,668,084</u>
Non-current assets	
Trade and other receivables	4,030,000
Intangible assets	63,837
Property, plant and equipment	67,276,491
Deferred income tax assets	356,140
	<u>71,726,468</u>
Total assets	116,394,552
LIABILITIES	
Current liabilities	
Trade and other payables	24,803,847
Contract liabilities	482,682
Deferred income	250,271
Current income tax liabilities	625,342
Borrowings	23,898,855
	<u>50,060,997</u>

LETTER TO THE SHAREHOLDERS

Balance Sheet as at 31 December 2018 (cont'd)

	S\$
Non-current liabilities	
Deferred income	76,613
Borrowings	11,071,053
Deferred income tax liabilities	11,151
	11,158,817
Total liabilities	61,219,814
NET ASSETS	55,174,738
EQUITY	
Capital and reserves attributable to equity holders of the Company	
Share capital	49,651,347
Other reserves	(1,553,551)
Retained profits	4,483,542
Non-controlling interests	52,581,338
	2,593,400
TOTAL EQUITY	55,174,738

2.6 Use of Proceeds

The Group will utilise the proceeds from the Proposed Disposal in the following manner: -

Use of Proceeds	Amount / S\$
Repayment of bank loan	11,386,192
Broker fee	560,000
Legal fee, EGM costs and other expenses arising from the Proposed Disposal	30,000 ¹
Payment to Asian Sealand Engineering's creditors (including the Continuing Accounts Payable) ²	2,023,808
Total	14,000,000

Notes

⁽¹⁾ Based on estimated costs.

⁽²⁾ Payment to Asian Sealand Engineering's creditors would mainly comprise the Continuing Accounts Payable which are existing trade payables owed by Asian Sealand Engineering, amounting to approximately S\$1.98 million as at 30 September 2018 and as set out in Schedule 4 Part 1 of the Agreement, which the Company and the Purchaser agreed would be borne by the Company.

The sale of Asian Sealand Engineering is to improve the Group's gearing and working capital position. The Directors are of the opinion that after taking into consideration the present bank facilities, the net proceeds of the Proposed Disposal, the Group's existing cash and cash equivalents as well as the Group's existing assets, the Group is able to meet its short-term obligations as and when they fall due.

LETTER TO THE SHAREHOLDERS

The Company has confirmed that the Group is currently not under pressure from its bankers to repay any of its existing borrowings. There are no arrangements for the refinancing of the Group's borrowings.

Pending the deployment of the proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or other marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

2.7 Major Transaction under Chapter 10 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. Under Rule 1014 of the Listing Manual, if any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, such a transaction is classified as a "major transaction" and requires the approval of shareholders.

The relative figures as computed on the bases as set out in Rule 1006 of the Listing Manual, based on the consolidated audited financial statements of the Group for FY2018 (the "FY2018 Financial Statements"), are as follows:

Rule	Bases	Relative Figures
1006 (a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	14.8% ¹
1006 (b)	Net profits ² / (loss) attributable to the assets disposed of, compared with the Group's net profit	18.6% ³
1006 (c)	Aggregate value of the consideration given, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	185.17% ⁴
1006 (d)	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 ⁵
1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁶

Notes

⁽¹⁾ Based on the unaudited NAV of Asian Sealand Engineering (excluding the two ASE Subsidiaries which would not be disposed) as at 31 December 2018 of S\$7.78 million divided by the Group's unaudited NAV of S\$52.58 million as at 31 December 2018.

⁽²⁾ Net profits refer to profit before income tax, minority interests and exceptional items.

⁽³⁾ Based on the financial statements of Asian Sealand Engineering ended 31 December 2018, a net loss attributable to Asian Sealand Engineering (excluding the two ASE Subsidiaries which would not be disposed) of S\$2.13 million divided by the Group's audited net loss for the year ended 31 December 2018 of S\$11.43 million. Accordingly, the net loss attributable to the Sale Shares is approximately 18.6% of the Group's net loss.

⁽⁴⁾ ⁽ⁱ⁾ Based on the Consideration amount of S\$14 million.

⁽ⁱⁱ⁾ Market capitalization of the Company as at 22 January 2019 (based on the volume weighted average price of S\$0.06 per share of the Company on such date), being the last Market Day on which shares of the Company were traded on the SGX-ST prior to the date of signing of the Agreement is S\$7.56 million.

⁽⁵⁾ Not applicable as this basis is not applicable to a disposal of assets, as is the case here.

⁽⁶⁾ Not applicable as the Company is not a mineral, oil and gas company.

LETTER TO THE SHAREHOLDERS

As the relative figures computed on the basis set out in Rules 1006 (a), (b) and (c) exceed 20%, the Proposed Disposal is a “major transaction” under Rule 1014 of the Listing Manual and accordingly, the Company is convening the EGM to seek the approval of Shareholders for the Proposed Disposal.

2.8 Consideration

Subject to the terms and conditions of the Agreement, the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for an aggregate consideration of S\$14 million, to be satisfied fully in cash, and payable by the Purchaser to the Company in the following manner:

- (a) deposit of S\$1.4 million upon signing the non-binding term sheet on 14 August 2018, representing 10% of the Consideration (the “**Deposit**”), to be forfeited if Completion does not occur because the Purchaser withdraws from, cancels or terminates the Proposed Disposal otherwise than as a result of the non-fulfilment of any condition precedent set out in Clause 4.1 of the Agreement or as a result of a valid reason (the validity of such reason to be determined by the Company, acting reasonably); and
- (b) final payment of S\$12.6 million on Completion of the Agreement, representing the balance amount of 90% of the Consideration (the “**Balance Monies**”), to be delivered by way of Singapore Dollar cashier’s order issued by a bank in Singapore.

The Consideration was arrived at pursuant to arm’s length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis, taking into account a number of factors including but not limited to the following:

- (i) the financial performance and business prospects of Asian Sealand Engineering, including its recent financial performance which has sustained losses for FY2017 and as at the end of the 3rd quarter of FY2018; and
- (ii) the net book value of the leasehold property which it owns, together with the machinery and equipment held by Asian Sealand Engineering which was recorded at S\$7,942,532 as at 30 June 2018.

No valuation in respect of Asian Sealand Engineering was carried out in relation to the Proposed Disposal. However, the Board of Directors in evaluating the Proposed Disposal has considered a few factors including the price-earnings ratios for other similar businesses or transactions, the availability of potential buyers given the niche industry that Asian Sealand Engineering is in and the inherent risks of the business such as cyclicity.

2.9 Conditions Precedent

Completion of the Proposed Disposal is conditional upon the following:

- (a) Corporate restructuring: Completion of a corporate restructuring and/or balance-sheet reorganisation by the Company (the “**Corporate Restructuring**”) such that the Licenses continue to be held by Asian Sealand Engineering and only the Shipyard (on an unencumbered basis), the Assets (comprising of facilities, equipment, furniture and fittings at the Shipyard which belong to Asian Sealand Engineering), the Remaining Contracts, the Remaining Employees, the Continuing Accounts Payable and the Continuing Accounts Receivable remain on the balance sheet of Asian Sealand Engineering as at the Completion Date;

LETTER TO THE SHAREHOLDERS

- (b) Purchaser due diligence: The results of the legal and financial due diligence investigations conducted by the Purchaser and/or its advisors on Asian Sealand Engineering (the “**Purchaser’s Due Diligence**”) being satisfactory to the Purchaser (as determined by the Purchaser in its absolute discretion), save that the scope of such due diligence shall not cover existing assets and/or liabilities that is not intended to be and/or will not be present on the balance sheet of Asian Sealand Engineering as at Completion Date;
- (c) Compliance with JTC lease: Asian Sealand Engineering having complied with the terms of the lease agreement dated 6 July 2018 between Asian Sealand Engineering and Jurong Town Corporation in respect of a lease over the Shipyard (the “**JTC Lease**”);
- (d) Shareholder approval: Approvals from shareholders of the Company (to the extent required under law and listing rules of the SGX-ST) during a general meeting convened for the purpose of seeking approval for the Proposed Disposal;
- (e) JTC approval and tenancy agreement: Subject to approval from Jurong Town Corporation, the execution of a tenancy agreement (the “**Tenancy Agreement**”) between Asian Sealand Engineering as the lessor and the Company as the lessee substantially in the form set out in Schedule 6 of the Agreement, for a tenure of 3 years from the Completion Date, over the premises comprising not more than 30% of the gross floor area of the Shipyard together with furniture and fittings thereon;
- (f) Equipment rental agreement: The execution of a equipment rental agreement (the “**Equipment Rental Agreement**”) between Asian Sealand Engineering as lessor and the Company as the lessee substantially in the form set out in Schedule 7 of the Agreement;
- (g) Compliance with warranties, covenants and undertakings: All warranties, covenants and undertakings of the Purchaser and the Company having been complied with as at the Completion Date;
- (h) No material adverse change: No event, change or effect having occurred or being likely to occur which has resulted or is likely to result in a material adverse change or material adverse deterioration in condition of the Shipyard and the Assets;
- (i) Compliance with SGX-ST Listing Manual: All requirements under law and the listing rules of the SGX-ST as deemed applicable by the Company in its sole discretion to the Proposed Disposal and Corporate Restructuring being complied with;
- (j) No prohibitive laws: No applicable laws having been enacted, amended or proposed which would prohibit, materially restrict or materially delay the implementation of the transactions contemplated in the Agreement or the operation of the Shipyard.
- (k) Third-party approvals: All consents, approvals, licenses, permits, waivers and exemptions (“**Approvals**”) for the Proposed Disposal and the sale of the Sale Shares to the Purchaser being granted including all legislative, executive, regulatory, judicial or other authorities in Singapore and elsewhere and, where any such Approval is subject to conditions, such conditions being acceptable to the Purchaser and, if such conditions are required to be fulfilled before Completion, such Approvals remaining in full force and effect. For the avoidance of doubt, such Approvals shall include but not be limited to the Approval from JTC as the head landlord in respect of the Shipyard, if applicable;
- (l) Discharge of loans: The discharge and/or restructuring of all existing loans and indebtedness of Asian Sealand Engineering, including but not limited to all facilities granted by CIMB Bank Berhad, Singapore Branch, as the mortgagee of the Shipyard, to the reasonable satisfaction of the Purchaser;

LETTER TO THE SHAREHOLDERS

- (m) Discharge of mortgages: The discharge of the following mortgages registered on the Shipyard with the Singapore Land Authority: (i) mortgage instrument dated 19 July 2018 registered as IA/485388W with transaction no. C180473983; and (ii) mortgage instrument dated 19 July 2018 registered as IA/485388W with transaction no. C180474098; and
- (n) Settlement of existing matters: The settlement of existing matters and there being no present, pending or threatened claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration against the Company which has resulted or is likely to result in a material adverse change or material adverse deterioration in the condition of the Shipyard, the Licenses and the Assets.

Existing matters refers to the following cases:

- (i) a claim by Cimmerian Crane Services Pte Ltd against Asian Sealand Engineering for the sum of S\$4,294.98;
- (ii) a claim by Nam Leong Co Pte. Ltd. against Asian Sealand Engineering for the sum of S\$5,391.20 for unpaid invoices;
- (iii) a claim by WKS Welding Products Pte. Ltd. against Asian Sealand Engineering for the sum of S\$3,595.20 for non-payment of services rendered;
- (iv) a claim by WKS Industrial Gas Pte Ltd against Asian Sealand Engineering for the sum of S\$2,238.26 for non-payment of services rendered; and
- (v) a claim by First Hydraulic & Industrial Pte Ltd against Asian Sealand Engineering for the sum of S\$12,619.73.

2.10 Completion

Completion of the Proposed Disposal shall take place ten (10) Business Days after fulfilment or waiver of the conditions precedent stated in the Agreement, whereby the Company shall transfer the Sale Shares against payment of the Consideration.

2.11 Other Material Terms

The other material terms of the Proposed Disposal, *inter alia*, are as follows:

- (a) Complete the Remaining Contracts: The Company shall complete the Remaining Contracts after Completion as a subcontractor of Asian Sealand Engineering and the Company agrees that no subcontracting fees shall be payable by Asian Sealand Engineering in respect of the Company's performance of the Remaining Contracts after Completion as a subcontractor of the Company. Performance for the Remaining Contracts would be undertaken by the Company and/or its subsidiaries (including the ASE Subsidiaries) for the respective end customers who have entered into the Remaining Contracts with Asian Sealand Engineering. Payment for the performance of such Remaining Contracts shall be made to Asian Sealand Engineering and the latter shall transfer such proceeds, which are collected on behalf of the Company, to the Company;
- (b) Reimburse the Purchaser for Continuing Accounts Payable: The Company shall fully reimburse the Purchaser and/or Asian Sealand Engineering for all payments of Continuing Accounts Payable which are made by Asian Sealand Engineering following Completion;

LETTER TO THE SHAREHOLDERS

- (c) Maintain a banker's guarantee: The Company shall maintain a banker's guarantee issued by Malayan Banking Berhad in favour of Single Buoy Moorings Inc. as the beneficiary, with Asian Sealand Engineering being the principal under the said banker's guarantee, in a form satisfactory to the Purchaser for a sum equivalent to 10% of the contract value of the Remaining Contract with Single Buoy Moorings Inc. (being US\$353,763.70) for the purpose of guaranteeing Asian Sealand Engineering's performance of such Remaining Contract. The banker's guarantee shall be maintained post-Completion for so long that it is required where the said Remaining Contract remains to be performed; and
- (d) Indemnify the Purchaser against losses: The Company shall fully indemnify the Purchaser and Asian Sealand Engineering against any losses in connection or arising from:
- (i) any claim for taxation (including any claim by, or penalties or fines imposed by any tax authority) which has been made or may hereafter be made (i) in respect of or arising from any transaction effected or deemed to have been effected on or before Completion; (ii) by reference to any grants, sales, income, profits or gains made, earned, accrued or received on or before Completion or in respect of a period ended on or before Completion; or (iii) in respect of or arising from any failure by the Company to satisfy in full its liability to taxation arising out of or in connection with the disposal of the Sale Shares hereunder, under applicable laws, as well as all costs and expenses incurred by Asian Sealand Engineering or the Purchaser in relation to the foregoing;
 - (ii) any claim against Asian Sealand Engineering and/or the Purchaser by or in any way connected with any of Asian Sealand Engineering's employees (including but not limited to the Remaining Employees) and/or due to the termination of employment of any of Asian Sealand Engineering's employees pursuant to Clause 6.7.1(f) of the Agreement, including without prejudice to the generality of the foregoing: (i) any salaries, wages and expenses, national insurance, pension, retirement benefit, life assurance and hospital schemes or arrangements; (ii) any breach by Asian Sealand Engineering or the Company of any obligation under or in connection with their contracts of employment; and (iii) any breach by Asian Sealand Engineering or the Company of any other obligation or duty (whether statutory or otherwise) owed to any of Asian Sealand Engineering's employees, provided that such employees were in the employment of Asian Sealand Engineering prior to Completion;
 - (iii) any loss incurred Asian Sealand Engineering pursuant to all contracts, agreements and arrangements entered into by Asian Sealand Engineering prior to Completion (including the Remaining Contracts and the BKM contracts) arising from events on, before or after Completion (including but not limitation to the termination and/or novation thereof); and
 - (iv) any breach of the Company's undertaking to fully reimburse the Purchaser or Asian Sealand Engineering for all payments of Continuing Accounts Payable which are made by Asian Sealand Engineering following Completion.

LETTER TO THE SHAREHOLDERS

3. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

3.1 Net Profit / Loss attributable to the Sale Shares

Based on the FY2018 Financial Statements, the net book value of the Sale Shares (the “**NBV of Sale Shares**”) and net tangible asset value of the Sale Shares as at 31 December 2018 is approximately S\$ 7.78 million.

Based on the FY2018 Financial Statements and the Sale Proceeds from the Consideration of S\$14 million the excess of the Sale Proceeds over the Sale Shares net book value of S\$7.78 million is \$6.22 million, less broker fees of S\$0.56 million, write-off deferred tax of S\$1.10 million and other incidental costs of approximately S\$30,000, resulting in a net disposal gain of S\$4.5 million, after taking into account material terms stated in Section 2.11, being recognised on the Proposed Disposal as at 31 December 2018.

3.2 Bases and Assumptions

The pro forma financial effects analysis of the Proposed Disposal set out in Section 3.3 and 3.4 below has been prepared on the following key bases and assumptions:

- (a) the Consideration amount of S\$14 million;
- (b) the financial effects of the Proposed Disposal on the net tangible assets (“**NTA**”) per share and loss per share (“**LPS**”) of the Company are based on the FY2018 Financial Statements;
- (c) for the purposes of illustrating the financial effects of the Proposed Disposal on the NTA per share of the Company, it is assumed that the Proposed Disposal had been completed on 31 December 2018;
- (d) for the purposes of illustrating the financial effects of the Proposed Disposal on the LPS of the Company, it is assumed that the Proposed Disposal had been completed on 1 January 2019;
- (e) the NTA per share of the Company is computed based on the 135,010,406 Shares of the Company in issue as at 31 December 2018, and the LPS of the Company is computed based on the weighted average number of 135,010,406 Shares of the Company in issue as at 31 December 2018; and
- (f) the financial effects of the Proposed Disposal are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the NTA per share and LPS of the Company, nor do they represent the future financial performance and/or position of the Group and/or the Company immediately following Completion.

LETTER TO THE SHAREHOLDERS

3.3 Effect of the Proposed Disposal on the NTA per share

The effect of the Proposed Disposal on the NTA per share of the Group for FY2018, assuming that the Proposed Disposal had been effected at the end of FY2018 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net tangible assets (S\$'000)	55,111 ¹	59,653 ²
Net tangible assets per share (cents) (inclusive of minority interests)	40.82³	44.18⁴

Notes:

⁽¹⁾ Based on the net book value of the Group's assets as at 31 December 2018 before the Proposed Disposal of S\$52,581,339, less the value of the intangible assets of the Group as at 31 December 2018 before the Proposed Disposal of S\$63,837.

⁽²⁾ Based on the net book value of the Group's assets as at 31 December 2018 after the Proposed Disposal of S\$57,122,942, less the value of the intangible assets of the Group as at 31 December 2018 after the Proposed Disposal of S\$63,837.

⁽³⁾ Based on the NTA of 55,110,901 divided by the 135,010,406 Shares of the Company in issue as at 31 December 2018.

⁽⁴⁾ Based on the NTA of 59,652,504 divided by the 135,010,406 Shares of the Company in issue as at 31 December 2018.

3.4 Effect of the Proposed Disposal on LPS

The effect of the Proposed Disposal on the earnings per share of the Group for FY2018, assuming that the Proposed Disposal had been effected at the end of FY2018 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss after tax and minority interests attributable to shareholders (S\$'000)	(11,661)	(7,119) ¹
Loss Per Share (cents)	(8.64)²	(5.27)³

Notes:

⁽¹⁾ Based on the gain on disposal of Asian Sealand Engineering of S\$4,541,603.

⁽²⁾ Based on the loss after tax and minority interests attributable to shareholders of the Company of S\$11,661,100 before the Proposed Disposal, divided by the 135,010,406 Shares of the Company in issue as at 31 December 2018.

⁽³⁾ Based on the loss after tax and minority interests attributable to shareholders of the Company of S\$7,119,497 after the Proposed Disposal, divided by the 135,010,406 Shares of the Company in issue as at 31 December 2018.

4. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Disposal.

LETTER TO THE SHAREHOLDERS

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are as follows:-

	Direct Interest		Deemed Interest ¹	
	Number of Shares	%	Number of Shares	%
Directors				
Chua Beng Kuang	9,066,875	6.71	–	–
Chua Meng Hua	8,829,875	6.54	–	–
Goh Chee Wee	–	–	–	–
Dr Wong Chiang Yin ²	25,000	0.02	–	–
Low Wee Siong	–	–	–	–
Substantial Shareholders (other than Directors)				
Chan Kwan Bian	27,305,575	20.22	–	–
MayBank Kim Eng Securities Pte. Ltd.	8,057,328	5.97	–	–

Note:

⁽¹⁾ Deemed interests pursuant to Section 7 of the Companies Act.

⁽²⁾ Dr Wong Chiang Yin has retired pursuant to the Company's Constitution and did not seek re-election at the Annual General Meeting of the Company on 22 April 2019.

None of the Directors or Substantial Shareholders have any interest, whether direct or indirect, in the Proposed Disposal (other than through their respective shareholdings in the Company).

6. DIRECTORS RECOMMENDATIONS

Having considered the rationale for and the benefit of the Proposed Disposal, the Directors are of the view that the Proposed Disposal is in the interests of the Shareholders. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolutions relating to the Proposed Disposal as set out in the notice of EGM on pages 24 to 25 of this Circular.

Shareholders should read and consider carefully this Circular in its entirety, in particular the rationale for the Proposed Disposal and the financial effects of the Proposed Disposal, as set out in Sections 2 and 3 of this Circular. Shareholders who require advice in the context of his specific investment should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice set out on pages 24 to 25 of this Circular will be held on 13 May 2019 at 10:00 a.m. at 55 Shipyard Road, Singapore 628141 for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions relating to the Proposed Disposal as set out in the Notice of EGM.

LETTER TO THE SHAREHOLDERS

8. ACTION TO BE TAKEN BY SHAREHOLDERS

8.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form enclosed in this Circular in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the registered office of the Company at 55 Shipyard Road, Singapore 628141, not later than 48 hours before the time fixed for the EGM.

The completion and sending of the proxy form by a Shareholder will not preclude him from attending and voting in person at the EGM in place of his proxy if he wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

8.2 Depositors

A depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

9. DIRECTORS RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement may be inspected at the registered office of the Company at 55 Shipyard Road, Singapore 628141 during normal business hours from the date hereof up to the later of (a) the date of the EGM and (b) the date falling three (3) months from the date of the Announcement.

Yours faithfully,
For and on behalf of the Board of Directors of
BENG KUANG MARINE LTD

Chua Beng Kuang
Executive Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

BENG KUANG MARINE LIMITED
(Incorporated in the Republic of Singapore)
(Registration no: 199400196M)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Beng Kuang Marine Limited (the “**Company**”) will be held on Monday, 13 May 2019 at 10:00 a.m. at 55 Shipyard Road, Singapore 628141 for the purpose of considering and, if thought fit, approving, with or without amendment, the following ordinary resolution:-

ORDINARY RESOLUTION: THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ASIAN SEALAND ENGINEERING PTE LTD

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular to the shareholders of the Company dated 26 April 2019.

THAT:

- (a) the proposed disposal of the entire issued and paid-up share capital of Asian Sealand Engineering Pte Ltd be and is hereby approved;
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as may be required) as they or he may consider necessary, desirable or expedient to give full effect to this ordinary resolution.

By Order of the Board

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries

Singapore, 26 April 2019

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend and vote in his/her stead. A shareholder of the Company which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a shareholder of the Company.
- (2) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 55 Shipyard Road, Singapore 628141 not later than 48 hours before the time appointed for the holding of the EGM.
- (3) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (4) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy

By submitting an instrument appointing a proxy or proxies and/or representative(s) to attend, speak and vote at the EGM and/or adjournment thereof, a member of the Company:

- (a) consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents) for the purpose of processing and administration by the Company (or its agents) of proxy(ies) and representative(s) appointed for the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with the applicable laws, listing rules, regulations and/or guidelines (collectively the "**Purposes**");
- (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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BENG KUANG MARINE LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No.: 199400196M

Important:

1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

EXTRAORDINARY GENERAL MEETING

I/We* _____ (Name) NRIC/Passport no.* _____ of _____ (Address)

being a shareholder/shareholders* of Beng Kuang Marine Limited (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the EGM of the Company to be held at 55 Shipyard Road, Singapore 628141 on Monday, 13 May 2019 at 10:00 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of EGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM.)

Ordinary Resolution	To be used on a show of hands		To be used in the Event of a Poll	
	For**	Against**	No. of Votes For***	No. of Votes Against***
To approve the Proposed Disposal				

* Delete accordingly

** Please indicate your vote "For" or "Against" with an "X" within the box provided.

*** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

Total Number of Shares held

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy/proxies shall be deemed to relate to the entire number of shares registered in your name in the Depository Register and the Register of Members.
2. A shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
3. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 55 Shipyard Road, Singapore 628141 not less than 48 hours before the time appointed for the EGM.
4. Where a shareholder appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy and, if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. Terms not defined herein shall have the meanings ascribed to them in the Company's Circular to the Shareholders dated 26 April 2019.