BENG KUANG MARINE LIMITED
(Incorporated in Singapore)
(Registration No. 199400196M)

PROPOSED PLACEMENT OF UP TO 27,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE PLACEMENT PRICE OF S$0.05 PER PLACEMENT SHARE

– ENTRY INTO PLACEMENT AGREEMENT

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1. INTRODUCTION

1.1. The board of directors (the "**Board**" or the "**Directors**") of Beng Kuang Marine Limited (the "**Company**", together with the subsidiaries, the "**Group**") wishes to announce that the Company has on 7 July 2021 entered into a placement agreement with SAC Capital Private Limited (the "**Placement Agent**") (the "**Placement Agreement**").

1.2. Pursuant to the Placement Agreement, the Company has agreed to offer, by way of placement, and the Placement Agent has agreed, on a best endeavours basis, to procure subscriptions for, an aggregate of up to 27,000,000 fully paid-up ordinary shares in the capital of the Company (the "**Placement Shares**") at an issue price of S$0.05 for each Placement Share (the "**Placement Price**"), amounting to an aggregate consideration of up to S$1,350,000 (the "**Proposed Placement**").

1.3. The Proposed Placement is not underwritten and will be undertaken by way of an exempt offering in Singapore in accordance with Section 274 (institutional investors) and Section 275 (accredited investors and certain other persons) of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus, offer document or offer information statement will be issued by the Company in connection with the Proposed Placement.

2. THE PROPOSED PLACEMENT

2.1. Placement Price

The Placement Price was arrived at pursuant to discussions with the Placement Agent, taking into account, among others, the prevailing market price of the ordinary shares of the Company (the "**Shares**") and represents a discount of approximately 9.1% to the volume weighted average price of S$0.055 per Share for trades done on the Shares on the SGX-ST for the full market day on 18 June 2021, being the last full market day preceding the date the Placement Agreement was signed.

There were no trades done on the Shares from 21 June 2021 to 6 July 2021.

2.2. Placement Shares

(a) The Placement Shares represent approximately 20.0% of the existing issued and paid-up share capital of the Company comprising 135,010,406 Shares as at the date of this announcement (excluding treasury shares) and will represent approximately 16.7% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) of 162,010,406 Shares.

(b) The Placement Shares will be issued free from all claims, pledges, mortgages, charges, liens and encumbrances, and shall rank *pari passu* with the existing Shares and carry all

rights similar to the existing Shares at the time of the issue, except that the Placement Shares will not rank for any dividends, rights, allotments or other distributions, the record date for which falls on or before the date of the issue of the Placement Shares.

(c) The Placement Shares will not be placed to any person who is a director or a substantial shareholder of the Company as at the date of this announcement, or any other person in the categories set out in Rule 812(1) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual, unless such subscription is otherwise agreed to by the SGX-ST.

(d) The Proposed Placement will not result in any transfer of controlling interest in the Company.

2.3. **Shareholders' approval for the issuance of the Placement Shares**

The Company will be relying on the existing general share issue mandate approved by shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 27 April 2021.

2.4. **Additional Listing Application**

The Company will be applying to the SGX-ST for the dealing in, listing of and quotation for the Placement Shares on the SGX-ST Mainboard and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

3. SALIENT TERMS OF THE PLACEMENT AGREEMENT

3.1. **Placement commission**

In consideration of the agreement of the Placement Agent procuring end-placees on a best endeavours basis for the Placement Shares, the Company shall pay to the Placement Agent, a placement commission of 3.0% of the Placement Price for each Placement Share for which the Placement Agent has procured subscribers as at the Completion Date (as defined below) (each, a "**Placed Share**") (and if applicable, goods and services tax thereon), according to the relevant number of Placed Shares issued through the Placement Agent pursuant to the Placement.

3.2. **Placement completion**

Subject to the terms and conditions of the Placement Agreement, completion of the Proposed Placement (the "**Completion**") shall take place on the date falling three (3) business days after the date on which the SGX-ST grants its in-principle approval for the listing and quotation of the Placement Shares on the SGX-ST ("**Listing Approval Date**") (the "**Completion Date**"), but in any event being a date not later than the date falling four (4) weeks after the date of the Placement Agreement or such other date as the Company and the Placement Agent may mutually agree (the "**Cut-Off Date**").

Against the delivery of the relevant documents by the Company for purposes of Completion as required under the Placement Agreement, the Placement Agent will make payment to the Company of the aggregate Placement Price for all the Placed Shares, by way of valid banker's drafts or other forms of remittances for the full amount payable to the Company's account or a cheque or cashier's order drawn on a licensed bank in Singapore made in favour of the Company one (1) business day after the Listing Approval Date.

3.3. **Conditions precedent**

Completion of the Proposed Placement pursuant to the Placement Agreement is conditional upon, *inter alia,* the following conditions:

(a) in-principle approval from the SGX-ST for the listing and quotation of the Placement Shares on the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled to the satisfaction of the SGX-ST or waived by the SGX-ST;

(b) the trading of the issued Shares on the SGX-ST not being suspended by the SGX-ST (other than a trading halt on a temporary basis requested by the Company) and the issued Shares not having been delisted from the SGX-ST;

(c) the exemption under Section 274 and 275 of the Securities and Futures Act (Chapter 289) of Singapore, as amended from time to time (the "**SFA**") being applicable to the Proposed Placement under the Placement Agreement;

(d) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company or the Placement Agent;

(e) the delivery to the Placement Agent on Completion Date, of a completion certificate, substantially in the form set out in the Placement Agreement, signed on behalf of the Company by its duly authorised officers;

(f) there not having occurred, in the reasonable opinion of the Placement Agent, any circumstance, event or situation which is or are likely to have a Material Adverse Effect, subsequent to the date of the Placement Agreement which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Proposed Placement or is reasonably likely to prejudice materially the success of the Proposed Placement or dealings in the Placement Shares in the secondary market; and

(g) the representations, warranties and undertakings given by the Company in the Placement Agreement remaining true and correct in all material respects as at the Completion Date and the Company having performed all of its obligations under the Placement Agreement to be performed on or before the Completion Date.

For the purposes of this section 3.3, "**Material Adverse Effect**" means any material adverse effect on (i) the financial condition, prospects, earnings, business, properties, assets or results of operations of the Group taken as a whole whether or not arising from transactions in the ordinary course of business or (ii) the ability of the Company to perform in any material respect its obligations under the Placement Agreement.

The Placement Agent may, and upon such terms as it thinks fit, waive compliance with any of the conditions contained in the Placement Agreement and any condition so waived shall be deemed to have been satisfied provided always that any such waiver as aforesaid shall be without prejudice to its right to elect to treat any further or other breach, failure or event as releasing and discharging it from its obligations under the Placement Agreement.

If any of the conditions contained in the Placement Agreement has not been satisfied on or before the Cut-Off Date, the Placement Agreement shall terminate and shall be of no further effect in respect of the Placement Shares and no party to the Placement Agreement shall be under any liability to the other in respect of the Placement Agreement for the relevant Placement Shares save that the Company shall, if applicable, remain liable for indemnities and

the reimbursement of costs and expenses reasonably incurred by the Placement Agent in respect of the placement of the Placement Shares up to the date of such termination under the Placement Agreement.

4. RATIONALE OF THE PROPOSED PLACEMENT AND USE OF PROCEEDS

4.1. Rationale

The Company has decided to undertake the Proposed Placement in order to increase resources available to the Company. The Directors are of the opinion that the Proposed Placement is beneficial for the Group as this will improve its cash flow to support the working capital requirements of the Group.

4.2. Use of proceeds

(a) The estimated net proceeds from the Proposed Placement, after deducting estimated fees and expenses (including listing and application fees, the commission payable to the Placement Agent, professional fees and other miscellaneous expenses of approximately S$50,000, is approximately S$1,300,000 (the "**Net Proceeds**"). The Company intends to apply such Net Proceeds in the following estimated proportions.

Proposed use of Net Proceeds	**% of Net Proceeds from the Proposed Placement**
Working capital	100%
Total	**100%**

(b) Pending the deployment of the Net Proceeds, such Net Proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Company may, in its absolute discretion, deem fit from time to time.

(c) The Company will make periodic announcement(s) as to the use of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company's full-year financial statements and/or its annual report(s). Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the relevant announcement(s) and annual report(s). Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

5.1. The *pro forma* financial effects of the Proposed Placement on the Company's share capital and the Group's net tangible assets ("**NTA**") per Share and loss per Share ("**LPS**") as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the completion of the Proposed Placement.

5.2. The pro forma financial effects have been prepared based on the latest audited financial results of the Group for the financial year ended 31 December 2020 ("**FYE 31 Dec 2020**"), on the following bases and assumptions:

(a) the Proposed Placement had been completed on 31 December 2020 for the purpose of illustrating the financial effects on the NTA;

(b) the Proposed Placement had been completed on 1 January 2020 for the purpose of illustrating the financial effects on the LPS;

(c) the share capital of the Company as at the date of this announcement comprising 135,010,406 Shares; and

(d) the expenses incurred in connection with the Proposed Placement amount to S$50,000.

5.3. **Share capital**

	Number of Shares (excluding treasury shares)
As at 31 December 2020	135,010,406
After the completion of the Proposed Placement	162,010,406

5.4. **NTA per Share**

(a) Assuming that the Proposed Placement was completed on 31 December 2020, the pro forma financial effects on the Group's NTA per Share would be as follows:

	Before the Proposed Placement	**After the Proposed Placement**
NTA[(1)] attributable to owners of the Company (S$'000)	36,681	37,981
Number of issued ordinary shares in the capital of the Company	135,010,406	162,010,406
NTA per Share (Singapore cents)	27.17	23,44

Note:

(1) NTA means total assets less the sum of total liabilities and intangible assets.

5.5. **LPS**

(a) Assuming that the Proposed Placement was completed on 1 January 2020, the pro forma financial effects on the Group's LPS would be as follows:

	Before the Proposed Placement	**After the Proposed Placement**
Loss after income tax (S$'000)	(15,395)	(15,395)

	Before the Proposed Placement	After the Proposed Placement
Number of issued ordinary shares in the capital of the Company	135,010,406	162,010,406
LPS (Singapore cents)	(11.40)	(9.50)

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective interests arising by way of their directorships and/or shareholdings in the Company and as disclosed in this announcement, none of the Directors or substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Placement.

7. CONFIRMATIONS BY THE PLACEMENT AGENT

The Placement Agent has confirmed, amongst other things, that:

(a) the commission payable by the Company to the Placement Agent for the Proposed Placement will not be shared with any person to whom the Placement Shares are placed;

(b) the Placement Agent has obtained or will obtain (as the case may be) confirmations from the placees of the Placement Shares that they are not acting in concert (as defined under The Singapore Code on Take-overs and Mergers) with any other party in the acquisition of Shares in the Company;

(c) the Placement Shares will not be placed to any person who is a director or a substantial shareholder of the Company, an interested person as defined in Chapter 9 of the Listing Manual of the SGX-ST or any other person in the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST;

(d) the Proposed Placement will not result in the transfer of a controlling interest of the Company; and

(e) there are no share borrowing arrangements entered into for the Proposed Placement.

8. DOCUMENTS AVAILABLE FOR INSPECTION

8.1. Copies of the Placement Agreement will be available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 55 Shipyard Road, Singapore 628141.

8.2. Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at +65 6266 0010 prior to making any visits to arrange for a suitable time slot for the inspection.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement and the Company and its subsidiaries, and

the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

10. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Placement.

11. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Placement remains subject to, amongst others, the fulfilment of the conditions precedent under the Placement Agreement. There is no certainty or assurance that the conditions precedent for the Proposed Placement can be fulfilled or that the Proposed Placement will be undertaken at all. Shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the Shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their Shares or securities of the Company.

BY ORDER OF THE BOARD

Chua Meng Hua
Executive Director
7 July 2021

Important Notice

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Placement Shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 and "Excluded Investment Products" (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).