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

PROPOSED PLACEMENT OF UP TO 37,200,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE PLACEMENT PRICE OF S$0.09 PER PLACEMENT SHARE

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 18 October 2021 entered into a placement agreement (the "**Placement Agreement**") with SAC Capital Private Limited (the "**Placement Agent**"). 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 37,200,000 fully paid-up ordinary shares in the capital of the Company (the "**Placement Shares**") at an issue price of S$0.09 for each Placement Share (the "**Placement Price**"), amounting to an aggregate consideration of up to S$3,348,000 (the "**Proposed Placement**").

1.2. 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 (as amended from time to time) (the "**SFA**"). Accordingly, no prospectus, offer document or offer information statement will be issued by the Company in connection with the Proposed Placement.

1.3. The Company will be seeking specific approval of the shareholders of the Company ("**Shareholders**") for the Proposed Placement at an extraordinary general meeting to be convened ("**EGM**").

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 9.00% to the volume weighted average price of S$0.0989 per Share for trades done on the Shares on the SGX-ST for the full market day on 14 October 2021, being the last full market day preceding the date the Placement Agreement was signed.

2.2. Placement Shares

(a) The Placement Shares represent approximately 22.96% of the existing issued and paid-up share capital of the Company comprising 162,010,406 Shares as at the date of this announcement (excluding treasury shares) and will represent approximately 18.67% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) of 199,210,406 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) Save for the CEO Placement (as defined below), 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, an interested person as defined in Chapter 9 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") or any other person in the categories set out in Rule 812(1) of the 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 not be relying on the existing general share issue mandate approved by the Shareholders by way of an ordinary resolution at the annual general meeting of the Company held on 27 April 2021.

The allotment and issue of the Placement Shares will be made pursuant to a specific mandate of the Shareholders and as such, the Company will be seeking specific Shareholders' approval for the allotment and issue of the Placement Shares at the EGM to be convened.

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.

2.5. **CEO Placement**

On 18 October 2021, Mr. Yong Jiunn Run, the Chief Executive Officer of the Company, provided an undertaking to the Company and to the Placement Agent to subscribe for up to 5,600,000 Placement Shares, at the Placement Price for each Placement Share (the "**CEO Placement**"). The 5,600,000 Placement Shares that are subject to the CEO Placement represent approximately 3.46% of the existing issued and paid-up share capital of the Company (excluding treasury shares).

As at the date of this announcement, Mr. Yong Jiunn Run does not legally or beneficially own or have an interest in the Shares. Assuming all the Placement Shares are placed out, Mr. Yong Jiunn Run will hold 5,600,000 Shares, representing approximately 2.81% of the total enlarged issued and paid-up share capital of the Company (excluding treasury shares).

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 3.00% 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. For the avoidance of doubt, no placement commission shall be payable by the Company in respect of the CEO Placement.

3.2. **Placement completion**

Subject to the terms and conditions of the Placement Agreement, completion of the Proposed Placement ("**Completion**") shall take place on the date falling three (3) market days after all the

Conditions (other than any condition which is to be satisfied at Completion) have been satisfied or waived (as the case may be) (the "**Completion Date**"), but in any event being a date on or before 31 December 2021 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 on the Completion Date.

For the avoidance of doubt, completion of the Proposed Placement and the CEO Placement are inter-conditional upon each other.

3.3. **Conditions precedent**

Completion pursuant to the Placement Agreement is conditional upon, *inter alia,* the following conditions (the "**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 approval of Shareholders being obtained at an EGM for the Proposed Placement ("**Shareholders' Approval**");

(c) as of the Completion Date 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;

(d) the exemption under Section 274 and 275 of the SFA being applicable to the Proposed Placement under the Placement Agreement;

(e) 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;

(f) 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;

(g) 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

(h) 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 paragraph 3.2, "**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 and Use of Net Proceeds from July Placement

As at the date of this Announcement, the net proceeds of approximately S$1.28 million from the issue of an aggregate of 27,000,000 Shares pursuant to the placement announced by the Company on 7 July 2021 ("**7 July Announcement**") and completed on 21 July 2021 ("**July Placement**") have been fully deployed and utilised for working capital purposes as set out below, which is in line with the intended use as set out in the 7 July Announcement:

	July Placement : Use of Net Proceeds	**Amount S$'000**
(a)	Payments to suppliers	255
(b)	Payments to service contractors	215
(c)	Wages and salaries of employees	809

In connection with the foregoing, the Company has decided to undertake the Proposed Placement to increase resources available to the Company for its operational needs, reduce the Group's dependence on debt financing and further strengthen the Group's financial position.

4.2. Use of proceeds

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$180,000, is approximately S$3,168,000 (the "**Net Proceeds**"). The Company intends to apply 100% of such Net Proceeds for working capital purposes.

(a) 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.

(b) 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 audited financial results of the Group for the financial year ended 31 December 2020, on the following bases and assumptions:

(a) The Placement Shares are fully placed out;

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

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

(d) the share capital of the Company as at the date of this announcement comprising 162,010,406 Shares; and

(e) the fees and expenses incurred in connection with the Proposed Placement amount to S$180,000.

5.3. **Share capital**

	Number of Shares (excluding treasury shares)
Before the Proposed Placement	162,010,406
After the completion of the Proposed Placement	199,210,406

5.4. **NTA per Share**

Assuming that the Proposed Placement and the July Placement were 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)	37,981	41,149

	Before the Proposed Placement	After the Proposed Placement
Number of issued ordinary shares in the capital of the Company	162,010,406	199,210,406
NTA per Share (Singapore cents)	23.44	20.66

Note:

(1) NTA means total assets less the sum of total liabilities and intangible assets (net of non-controlling interests).

5.5. **LPS**

Assuming that the Proposed Placement and the July Placement were 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)	(15,396)	(15,396)
Number of issued ordinary shares in the capital of the Company	162,010,406	199,210,406
LPS (Singapore cents)	(9.50)	(7.73)

6. THE CEO PLACEMENT AS AN INTERESTED PERSON TRANSACTION

6.1 Mr. Yong Jiunn Run, as the Chief Executive Officer of the Company, is an interested person of the Company (being the entity at risk) under Rule 904(4) of the Listing Manual and accordingly, the CEO Placement constitutes an "interested person transaction" under Chapter 9 of the Listing Manual.

6.2 The aggregate consideration payable for the Placement Shares under the CEO Placement is S$504,000, which represents approximately 1.37% of the Group's latest audited NTA as at 31 December 2020 of S$36,681,478.

6.3 As set out in the unaudited condensed interim financial statements of the Group for the six months ended 30 June 2021 ("**1H2021**") which was released on 14 August 2021, during 1H2021, Mr. Yong Jiunn Run extended an unsecured interest free loan of S$500,000 to the Group, to be repaid within a year. The loan was extended for the purpose of facilitating the repair costs for one of the livestock carrying vessel as well as for the Group's working capital. As the loan was interest free, the value of the transaction (or amount at risk to the Company) is nil under Chapter 9 of the Listing Manual.

Save for the foregoing, the Company has not entered into any interested person transactions with Mr. Yong Jiunn Run (excluding the CEO Placement) or any other interested person

transactions (excluding the CEO Placement) for the current financial year ending 31 December 2021 ("**FY2021**") up to the date of this announcement.

6.4 Having considered, among others, the rationale and terms of the CEO Placement and that the Placement Price for Placement Shares placed to the CEO will be the same as the Placement Price for Placement Shares placed to independent third party placees procured by the Placement Agent, the Audit Committee is of the view that the CEO Placement is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

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) save for the CEO Placement, 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 or any other person in the categories set out in Rule 812(1) of the Listing Manual;

(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. 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.

9. CIRCULAR TO SHAREHOLDERS

The Company will be seeking specific Shareholders' approval for the Proposed Placement at the EGM and further details of the Proposed Placement will be provided in a circular that will be despatched to Shareholders in due course

10. DOCUMENTS AVAILABLE FOR INSPECTION

10.1 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.

10.2 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.

11. 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.

12. FURTHER ANNOUNCEMENTS

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

13. 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 Beng Yong
Executive Director
18 October 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).