BENG KUANG MARINE LIMITED
(Registration Number: 199400196M)

THE PROPOSED ACQUISITION OF 38 TUAS VIEW SQUARE SINGAPORE 637770 AS AN INTERESTED PERSON TRANSACTION

1. Introduction

The Board of Directors of Beng Kuang Marine Limited (the "Company" and together with its subsidiaries, the "Group") wishes to announce that Picco Enterprise Pte Ltd, the wholly-owned subsidiary of the Company has on 22 January 2009 obtained an option to purchase (the "Option") offered by Heng Huat Shipbuilding & Construction Pte Ltd (the "Vendor"), to acquire a leasehold property (the "Property") pursuant to the terms of the Option contained therein (the "Proposed Acquisition").

2. Information on the Property

The whole of Lots 2815W and 2816V of Mukim 7 comprising a leasehold title of 60 years commencing from 30 October 1996 together with the building erected thereon and known as 38 Tuas View Square Singapore 637770 with an aggregate site area of approximately 4,905.3 square meters.

3. Purchase Consideration

The total purchase consideration of the Proposed Acquisition is S$7.2 million (the "Consideration") and was arrived at following arm's length negotiations, on a willing-seller-willing buyer basis and taking into account, *inter alia*, the valuation carried out by Chesterton International Property Consultants Pte Ltd, an independent valuer appointed by the Group.

The Proposed Acquisition will be satisfied by cash payment and funded through internal resources and bank borrowings.

4. Interested Person Transaction

The Vendor is a wholly-owned subsidiary of Labroy Marine Pte. Ltd. ("LMPL"), a controlling shareholder of the Company. Accordingly, the Proposed Acquisition is regarded as interested person transaction under Chapter 9 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Based on the latest audited consolidated financial statements of the Company and its subsidiaries (the "Group"), the Company's consolidated net tangible assets value for the financial year ended 31 December 2007 was S$32.3 million. The Consideration amounts to approximately 22.29% of the Company's latest audited consolidated net tangible assets value and exceeds the financial threshold of 5% prescribed under Rule 906 (1) of the Listing Manual. Accordingly, pursuant to Rule 918 of the Listing Manual, the Proposed Acquisition will only become effective upon, *inter alia*, the approval of the Company's Shareholders being obtained ("Shareholders' Approval").

5. Material Conditions

The Proposed Acquisition is subject to "The Singapore Law Society's Conditions of Sale 1999" in so far as they are applicable to a sale by private treaty and are not varied by or inconsistent with the

Option. The Property is sold with vacant possession and the title to the Property shall be properly deduced and free from encumbrances on completion.

Completion of the Proposed Acquisition shall be conditional upon and subject to the Shareholders' Approval (unless the requirement for such approval has been waived by the SGX-ST).

The Company shall exercise the Option within one week from the date of the Shareholders' Approval and the parties shall complete the sale and purchase of the Property within 12 weeks from the date of the Shareholders' Approval.

6. Rationale

The Property has been leased by the Company from the Vendor for part of its operations in Singapore since August 2002. The Company intends to use the Property on a long term basis for such operations, and intends to purchase the Property in order to reduce its expenditure on the rental. The Proposed Acquisition will also result in more warehousing and dormitory space available to meet future expansion needs of the Group.

7. Financial Effects

The purchase of the Property is not expected to have any material impact on the financial performance of the Company and its subsidiaries for the current financial year.

8. Relative Figures computed based on Rule 1006 of the Listing Manual

The relative figures for the purchase of Property computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

1006 (a)	Net Asset Value Test	Not applicable as this transaction is an acquisition and not a disposal of assets.
1006 (b)	Profits Test	Not applicable as there are no net profits attributable to the Property.
1006 (c)	Consideration Test	The Purchase Consideration of S$7.2 million represents approximately 18.17% of the Company's current market capitalisation of approximately S$38.47 million.
1006 (d)	Equity Securities Test	Not applicable as no equity securities are to be issued as consideration for the purchase of the Property.

Having regard to the above, the purchase of the Property is a "Discloseable Transaction" under Rule 1010 of the Listing Manual.

9. Audit Committee's Opinion

The Independent Directors from the Audit Committee are of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

A circular containing, *inter alia*, the notice of the Extraordinary General Meeting and the details of the Proposed Acquisition, will be dispatched to Shareholders in due course.

10. Other Interested Person Transactions

The aggregate value of all interested person transactions (including all transactions under the general mandate renewed at the Company's last annual general meeting) for the financial period ended 30 September 2008 between the Group and LMPL (including its associates) amounts to approximately S$18.4 million.

11. Directors' and Controlling Shareholders' Interests

LMPL is a controlling shareholder of the Company and currently holds 37.88% of the total issued shares in the Company. In addition, Mr Sameer Y Khan, a non-executive Director of the Company is also a member of the managing body of LMPL (including its associates) and is a Director nominated by LMPL.

Save as aforesaid, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

12. Documents for Inspection

A copy of the Option is available for inspection at the registered office of the Company for 3 months from the date of this Announcement.

BY ORDER OF THE BOARD

Chua Meng Hua
Executive Director
23 January 2009