BENG KUANG MARINE LIMITED
Registration No. 199400196M

DISCONTINUATION OF THE GROUP'S CATTLE LINE BUSINESS

The Board of Directors (the "**Board**") refers to Beng Kuang Marine Limited (the "**Company**", and together with its subsidiaries, the "**Group**")'s annual report (the "**Annual Report**") for the financial year ended 31 December 2021 ("**FY2021**").

As disclosed in our Annual Report:

(a) the Group has four business segments, being our Infrastructure Engineering segment, our Corrosion Prevention segment, our Supply & Distribution segment and our Shipping & Others segment ("**SH**");

(b) the Group recorded increases in revenue in all of our business segments for FY2021, save for our SH Segment, which recorded a substantial decline in revenue;

(c) the principal assets under the Group's SH Segment are two livestock vessels (the "**Livestock Vessel Assets**", and the operation of such vessels the "**Cattle Line Business**"), two tug boats and one crane barge, all of which are owned and operated by the Group. The Livestock Vessel Assets were each taken off charter on October 2020 and October 2021 respectively, the first due to an accident and the second as it was detained by the Indonesian Navy for anchoring at an unauthorized area. Both livestock vessels are currently docked at our Batam waterfront yard and require extensive repair and maintenance works to regain seaworthiness;

(d) the Board has conducted a strategic review of the Group's various business segments, prioritising cost minimisation and deleveraging initiatives, while focusing on monetising fixed assets and high-potential business segments to create new growth catalysts; and

(e) based on the audited financial statements of Cattle Line Two Pte Ltd, the Group entity which holds the Cattle Line Business, the Cattle Line Business contributed 3.24% to the Group's total revenue for FY2021 and was in a net liabilities position of USD19.5 million as at 31 December 2021.

The Board wishes to update shareholders that following such strategic review, it has determined that it is in the best interests of the Company and the Group to discontinue the Cattle Line Business, which would, among others, involve the disposal of the Livestock Vessel Assets (the "**Proposed Discontinuation**") as:

(i) the Group would have to incur significant expenses in the form of reactivation costs (including repair and maintenance works, reinstatement of licenses etc.) on the two livestock vessels in order for the vessels to regain seaworthiness, which would take away resources from the Group's other viable business segments; and

(ii) the Group would be able to focus its time and effort on its other core business segments, namely our Infrastructure Engineering segment, our Corrosion Prevention segment and our Supply & Distribution segment.

The Group is likely to record a loss from the disposal of the Livestock Vessel Assets, the extent of which would depend on the amounts recovered by the Group under such disposal. While management remains optimistic about the Group's other business segments, the one-time loss on the disposal of the Livestock Vessel Assets may cause the Group to record a loss for the financial year ending 31 December 2022.

The Group has engaged RSM Corporate Advisory Pte Ltd to advise it on the Proposed Discontinuation. As at the date of this announcement, the Group has not entered into any definitive agreement relating to the Proposed Discontinuation and, moving forward, will continue to comply with its obligations under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (including Chapter 10 of the Listing Manual). In the meantime, shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Chua Beng Yong
Executive Chairman
5 October 2022