明 光 集 團
BENG KUANG GROUP

BENG KUANG MARINE LIMITED
Registration No. 199400196M

PRESS RELEASE

Beng Kuang Group Achieves Profitability with Revenue Increasing 11.0% to S$43.86 Million in 9M2022; Net Cash of S$5.40 Million Generated from Operating Activities during 9M2022

- *The Group's IE and CP business divisions were the key revenue contributors in 9M2022 with the IE business division posting revenue growth of 25.3% in 9M2022, driven by strong performance of its ASOM business unit and deck equipment business unit*
- *The Group's IE order book stood at S$15.54 million as at 30 September 2022, of which S$12.11 million was attributed to ASOM that provides specialised on-site vessel repair and maintenance solutions to operating floating asset, such as FPSO and FSO vessels, leveraging on SPS Technology*
- *The Group's livestock vessels business activities have been classified as Discontinued Operations. The Group intends to wind up the Cattle Line's entities that hold the livestock vessel assets*
- *Net cash inflow generated from operating activities improved to S$5.40 million during 9M2022*
- *With a substantial amount of fixed assets in the balance sheet, the Group registered a depreciation expense (non-cash component) of S$5.20 million in 9M2022*
- *Prioritising costs minimisation and deleveraging initiatives, while focusing on monetising fixed assets and high-potential business segments to create new growth catalysts*

Financial Year End: 31 December

(S$ million)	***9M2022***	***9M2021 (Restated)#***	***Change (%)***
Revenue	***43.86***	***39.51***	***+ 11.0***
Gross profit	***7.39***	***8.93***	***(17.2)***
Net profit /(loss)	***1.02***	***(3.69)***	***N.M***
Profit/(loss) attributable to owners of the Company	***0.02***	***(3.55)***	***N.M***
Adjusted EBITDA*	***2.51***	***3.84***	***(34.6)***
Net asset value per ordinary share (S$ cents)	***13.38 (as at 30 September 2022)***		

**Adjusted EBITDA of Beng Kuang Group is defined as profit before tax, finance expense, depreciation and amortisation of property, plant and equipment and intangible assets, and excluding other gains. Adjusted EBITDA is presented as an additional measure because management believes that some investors may find it to be a useful tool for measuring the Beng Kuang Group's ability to fund capital expenditures or to service debt obligations. It should not be considered in isolation or as an alternative to net profit as an indicator of operating performance or as an alternative to cash flows as a measure of liquidity*

#The Group's comparative unaudited profit and loss financial statement for the period ended 30 September 2021 had been restated to take into account the retrospective reclassification relating to Discontinued Operations

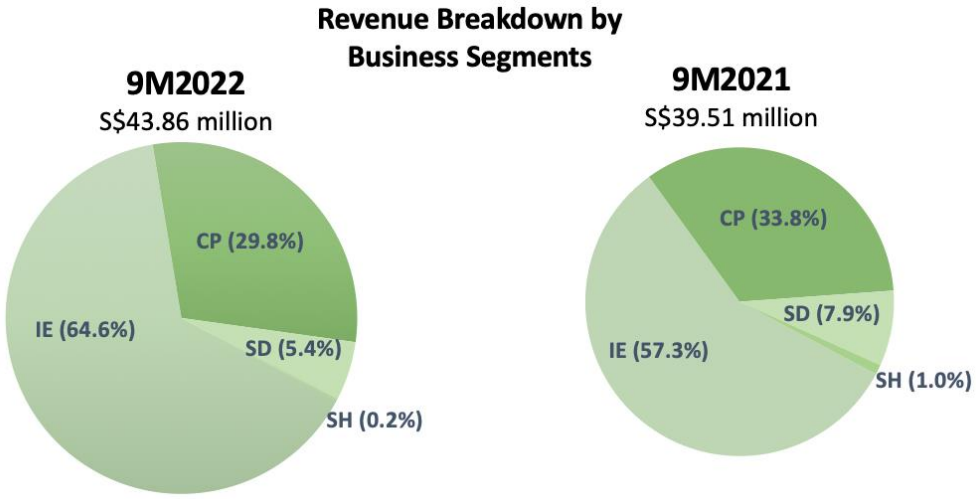
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Singapore, 25 November 2022 – **Beng Kuang Marine Limited** ("**明光集团**" or the "**Company**", and together with its subsidiaries, the "**Beng Kuang Group**"), is pleased to share its financial highlights for the nine months ended 30 September 2022 ("**9M2022**").

Striving to be the "Preferred Partner" in providing total solutions for the offshore and marine industries, the Group has four key business divisions as follows:

1. **Infrastructure Engineering** ("**IE**") – Providing a spectrum of turnkey engineering services from planning and project management to implementation involving procurement, fabrication, corrosion prevention, testing, installation and pre-commissioning of steel work modules and structures
2. **Corrosion Prevention** ("**CP**") – Providing corrosion prevention services in several established shipyards in Singapore and Batam, Indonesia
3. **Supply and Distribution** ("**SD**") – Providing a variety of marine and industrial hardware, tools and equipment as well as consumables under its house brands like MASTER, MULTI-FLEX, WELL and SPLASH
4. **Shipping** ("**SH**") – Comprises two livestock vessels and two Indonesian-flagged assist tugs

Despite minimal revenue contribution from the SH business division, the Group's revenue increased 11.0% in 9M2022: The Group's IE business division continue to perform strongly in 9M2022, where IE's revenue increasing by 25.3% or S$5.72 million, from S$22.62 million in 9M2022 to S$28.34 million in 9M2022.



Within the IE division, the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("**ASOM**"), was the main revenue contributor with S$17.6 million or 62% of IE's 9M2022 sales as a result of higher business volume.

Specialising in asset integrity solutions for operating floating assets such as Floating Production Storage and Offloading vessels and Floating Storage and Offloading vessels, among others, ASOM has established itself as a proficient "one-stop" offshore in-situ turnkey solutions provider, leveraging on Sandwich Plate System ("**SPS**") Technology, in optimising and extending the life of such operating floating assets.

As a service-centric business, revenue contribution from ASOM has been growing progressively over the past few years and as at 30 September 2022, ASOM has an order book of S$12.11 million.

In addition, the Group's other subsidiaries under IE registered improved performance for 9M2022 as compared to 9M2021, as new pedestal cranes supply orders contributed to additional revenue of S$3.93 million.

The engineering, design and build deck equipment unit under IE Division also registered increased orders for pedestal cranes, contributing to an increase in revenue by S$3.93 million in 9M2022 as compared to 9M2021.

While there were more fabrication work orders for its Batam yard due a recent uptrend in outsourcing manpower-intensive projects by established shipyard customers in Singapore to neighbouring countries to reduce the dependency on foreign workers, the utilisation rate of the Group's 32-hectare waterfront yard is still below optimal capacity and utilisation rate and the Group is continuing its focus on cost optimisation efforts to nearshore to its Batam yard, following the lease termination at its Singapore yard.

In total, the IE business division (including ASOM) has an order book of S$15.54 million as at 30 September 2022.

Revenue from the Group's CP dipped marginally by 2.2% or S$0.30 million from S$13.37 million in 9M2021 to S$13.08 million in 9M2022 as there was a short-term sizeable ad-hoc project in 1Q2021. Notably, a similar project with a contract value of S$2.0 million was secured from a repeated customer in April 2022. The Group also saw recurring CP activities, mainly as resident contractors for Singapore and Batam shipyards, gaining momentum in 9M2022 with revenue increasing by S$2.44 million as compared to 9M2021.

Revenue from the Group's SD declined S$0.73 million to S$2.38 million in 9M2022, as compared to S$3.10 million in 9M2021, due to soft market conditions for marine and industrial hardware. The Group's SD continue to undertake a key role within the Group's business model, serving as its internal procurement arm to support the rest of the Group's business units to manage the operating costs of consumables.

The Group's livestock vessels business activities have been classified as Discontinued Operations in 9M2022: There was only revenue contribution of S$0.07 million from the Group's SH business division in 9M2022 as both of the Group's livestock vessels continue to be off charter as highlighted previously in the Group's announcements. During 3Q2022, the insurance claim pertaining to the accident occurred in October 2020 on "MV. Barkly Pearl" has been settled and the SH division received net receipt of approximately S$2.37 million, which was recorded in Discontinued Operations as other gain for the period ended 9M2022.

On 5 October 2022, the Group announced the discontinuation of the livestock carrier business activities, which would involve the Group's disposal of the livestock vessels assets. On 3 November 2022, the Group provided an update to shareholders that it has received notice on 2 November 2022 through physical service of documents that KPI OceanConnect Pte. Ltd. ("KPIOC"), a company incorporated in Singapore, has on 1 November 2022, filed a winding up application with the High Court

of the Republic of Singapore to wind up CL2. The hearing date for the Winding Up Application has been fixed on 25 November 2022. On 25 November 2022 hearing, the Court adjourned the case for CL2 to file an application to court by 9 December 2022 under Section 184 IRDA, for permission to commence voluntary winding up. In the event that the two livestock vessels are sold for less than its book value, the Group will record a loss on such disposal.

Achieving profitability in 9M2022 despite lower gross profit: The Group registered lower gross profit margin of 16.8% in 9M2022, mainly due to a one-time indirect overhead costs related to worksite relocation costs, rectification works for a IE project as well as higher procurement costs from local suppliers on consumables for CP business division due to the SD business unit facing temporary delays from its Chinese imports.

Overall, the Group returned back to profitability in 9M2022 with net profit of S$1.02 million in 9M2022, as compared to a loss of S$3.69 million in 9M2021.

Net cash of S$5.40 million generated from operating activities during 9M2022 with continued deleveraging: With a substantial amount of fixed assets in the balance sheet, the Group registered a depreciation expense (non-cash component) of S$5.20 million in 9M2022.

As part of its deleveraging initiatives, the Group utilised S$3.18 million for loan repayments and S$1.42 million for payment of lease liabilities during 9M2022.

After adjusting for finance expense, depreciation and amortisation of property, plant and equipment and intangible assets, and excluding other gains, the Group recorded an adjusted EBITDA of S$2.51 million in 9M2022 as compared to the Group's adjusted EBITDA of S$3.84 million in 9M2021.

Commenting on the Group's 9M2022 results, Mr Yong Jiunn Run, Chief Executive Officer of Beng Kuang Group, said: ***"While the profit generated is still small, it shows that we are on the right track and the Group is benefiting from our business strategies and initiatives.***

With a robust asset-light business model and disciplined-cost approach, we aim to improve our business agility that will enable us to pursue our profitable and sustainable growth strategy via our high-potential business segments."

Discontinuance of proposed investment in I.O.T. Workz: Previously in March 2022, the Group issued a press release regarding the proposed acquisition of a strategic stake in Singapore-based Internet-of-Things Company, I.O.T. Workz Pte. Ltd ("I.O.T. Workz"). There was no capital injection by the Group as discussions have been ongoing. Recently, both companies have mutually agreed not to proceed with the transaction.

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About Beng Kuang Marine Limited
(Bloomberg: BKM:SP / Reuters: BENK.SI / SGX Stock Code: BEZ)

Beng Kuang Marine Limited ("**明光集团**" or the "**Company**", and together with its subsidiaries, the "**Beng Kuang Group**") was founded in 1994 and has been listed on Singapore Exchange since 15 October 2004.

With a multi-pronged business model, Beng Kuang Group continues to strive to be the "Preferred Partner" in providing total solutions for the offshore and marine industries.

Forging ahead with an innovative and operating mindset, the Beng Kuang Group team aims to create new value propositions for our customers and align its business activities towards new market trends and opportunities.

For more information, please visit http://www.bkmgroup.com.sg/

Issued on behalf of Beng Kuang Marine Limited by 8PR Asia Pte Ltd.

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