BENG KUANG MARINE LIMITED
(Company Registration No.:199400196M)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF A 1,700HP TUGBOAT

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1. Introduction

1.1 The Board of Directors (the "**Board**") of Beng Kuang Marine Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that PT Marine Shipping ("**Seller**"), a wholly-owned subsidiary of the Company, and PT Pelayaran Sinar Varuna Sentosa ("**Purchaser**", together with the Seller, the "**Parties**", and each a "**Party**") had on 29 May 2023 entered into a sale and purchase agreement (the "**SPA**"), for the sale by the Seller and the purchase by the Purchaser of a 1,700hp tugboat (the "**Vessel**") (the "**Proposed Disposal**").

1.2 As the relative figures computed under Rule 1006(a) and (c) of the Mainboard Listing Rules of the SGX-ST (the "**Mainboard Rules**") exceeds 5.0% but does not exceed 20.0%, the Proposed Disposal constitutes a "disclosable transaction" under Chapter 10 of the Mainboard Rules and accordingly, is subject to disclosure and announcement requirements under Chapter 10 of the Mainboard Rules.

2. Information on the Parties

2.1 The Seller is a wholly-owned subsidiary of the Company. The principal assets of the Seller include the Vessel, one other tugboat and one special purpose crane work barge, all of which are utilised by the Group at the Group's waterfront fabrication on the eastern side of Batam Island, Kabil (the "**Batam Shipyard**"), including as a tugboat for ship berthing purposes and periodical *ad hoc* spot charters.

2.2 The Purchaser is a company incorporated in Indonesia. None of the Purchaser or its directors or shareholders are "interested persons" for purposes of Chapter 9 of the Mainboard Rules.

3. Principal terms of the Proposed Disposal

3.1 Aggregate value of the consideration

Under the terms of the SPA, the consideration payable by the Purchaser for the Vessel is S$970,000 to be satisfied in cash.

The consideration was arrived at on a willing buyer willing seller basis, after arm's length negotiations between the Seller and the Purchaser, taking into account, among others, the following factors:

(a) prevailing market conditions;

(b) the Group's immediate and future business needs, including the Group's move towards a capital asset-light business model, as well as the operational needs of the Batam Shipyard; and

(c) the extent to which the Vessel contributes to the business of the Group. Loss attributable to the Vessel amounted to S$38,000 for the three-month period ended 31 March 2023 ("**1Q2023**") and loss attributable to the Vessel amounted to S$0.23 million for the financial year ended 31 December 2022 ("**FY2022**").

3.2 **Conditions precedent**

There are no material conditions attaching to the Proposed Disposal.

3.3 **Value of the Vessel**

The net book value of the Vessel as at 31 December 2022 was S$1,000,000. As such, the Proposed Disposal represents a loss of S$30,000 over book value. The Company expects to record a loss of S$30,000 in relation to the Proposed Disposal for the financial year ending 31 December 2023 ("**FY2023**").

4. Rationale

The Proposed Disposal is in line with the Group's strategy to move towards a capital asset-light business model and the Group's intention to exit the shipping business, following the discontinuation of its cattle line business.

In addition, the Proposed Disposal marks an opportunity for the Group to reduce its borrowings, reduce interest, improve net current liability position and free up cash for the Group's other business segments that are generating positive returns and to reduce the risk of potential vessel impairment in view of prevailing market conditions.

5. Use of proceeds

The company intends to use the net proceeds of the Proposed Disposal to repay its bank borrowings and for the general working capital of the Group.

6. Relative figures under Chapter 10 of the Mainboard Rules

The relative figures of the Proposed Disposal under Rule 1006 of the Mainboard Rules based on the audited consolidated financial statements of the Group for FY2022, are set out below.

Rule 1006	Basis	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	16.28 (1)
(b)	Net loss attributable to the assets dispose of, compared with the Group's net loss	1.04 (2)

(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	5.35 (3)
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proven and probable reserves to be acquired, compared with theaggregate of the Group's proven and probable reserves	Not applicable

Notes:

(1) The net asset value of the Vessel is approximately S$1.00 million as at 31 December 2022 and the Group's net asset value attributable to shareholders as at 31 December 2022 was S$6.14 million.

(2) The net loss attributable to the Vessel for FY2022 was S$0.23 million and the Group's net loss attributable to shareholders as at 31 December 2022 was S$21.83 million.

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(3) The aggregate value of the consideration is S$0.97 million. Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement was approximately S$18.13 million.

As the relative figures computed under Rule 1006(a) and (c) of the Mainboard Rules exceeds 5.0% but does not exceed 20.0%, the Proposed Disposal constitutes a "disclosable transaction" under Chapter 10 of the Mainboard Rules and accordingly, is subject to disclosure and announcement requirements under Chapter 10 of the Mainboard Rules.

7. Financial Effects

7.1 Net Tangible Asset (NTA)

For illustrative purposes only, the *proforma* financial effects of the Proposed Disposal on the Group's NTA per share, assuming that the Proposed Disposal had been completed on 31 December 2022, being the end of the most recently completed financial year, are set out below:

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA (S$'000)	6,144	6,114
Number of issued shares (excluding treasury shares) ('000)	199,210	199,210
NTA per Share (cents)	3.08	3.07

7.2 Loss Per Share (LPS)

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the consolidated losses of the Group, assuming that the Proposed Disposal had been

completed on 1 January 2022, being the beginning of the most recently completed financial year, are set out below:

	Before the Proposed Disposal	**After the Proposed Disposal**
Loss for the year attributable to owners of the Company (S$'000)	(21,829)	(21,763)
Weighted average number of issued shares ('000)	199,210	199,210
LPS - Basic (cents)	(10.95)	(10.92)

8. Interests of Directors and Substantial Shareholders

None of the directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their shareholding interests in the Company.

9. Other information

No person has been or is proposed to be appointed as director of the Company in connection with the Proposed Disposal. Accordingly, no service contract has been or is proposed to be entered into between the Company and any such person.

10. Documents available for inspection

Copies of the SPA are available for inspection during normal business hours at the registered office of the Company at 2 Venture Drive, #14-15, Vision Exchange, Singapore 608526 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Chua Beng Yong
Executive Chairman
30 May 2023