BENG KUANG MARINE LIMITED
Registration No. 199400196M

PROPOSED ACQUISITION OF 14,157,600 ORDINARY SHARES IN THE CAPITAL OF WATER AND ENVIRONMENTAL TECHNOLOGIES (WET) PTE LTD (THE "PROPOSED ACQUISITION")

1. Introduction

The Board of Directors of Beng Kuang Marine Limited (the "Company or the "Group") is pleased to announce that the Company has on 16 May 2007 entered into a sale and purchase agreement (the "SPA") with the existing shareholders (the "Vendor") of Water and Environmental Technologies (WET) Pte Ltd ("WET"), pursuant to which the Company has agreed to acquire 14,157,600 ordinary shares representing approximately 51% shareholding interests in the capital of WET ("WET Shares") from the Vendors.

2. Information on WET

WET was incorporated in Singapore on 27 August 2002 and has an issued share capital of S$2,842,666.70 consisting of 27,760,001 fully-paid ordinary shares. WET is currently a research and development center that specialises in providing research and development, and solutions for (i) industrial waste management by recycling industrial waste into environmentally-friendly products and (ii) water treatment and waste water treatment.

WET owns intellectual property rights for water treatment and water recycling technologies and has successfully produced its first generation compact water treatment systems, which are now available commercially. These technologies are applicable in the fields of water treatment, wastewater treatment/re-utilisation and desalination process. At present, WET is also developing a new process which will target the treatment of municipal wastewater and industrial wastewater using biological and membrane technologies.

WET currently owns 100% shareholding interests in NewEarth Pte Ltd ("NE"). NE has completed the research and development and pilot testing phases of its "Crystallisation Technology", which enables the stabilisation of heavy metals commonly found in many industrial wastes.

3. Consideration

The aggregate consideration for the Proposed Acquisition is approximately S$5.66 million (the "Consideration") to be paid in cash on completion. The Consideration was arrived at on a "willing buyer and willing seller basis" after taking into account, inter alia, the unaudited net tangible assets ("NTA") of WET for the financial year 2006 amounting to approximately S$2.57million and the potential earnings and future prospects of WET.

4. Rationale for the Proposed Acquisition

The Proposed Acquisition will be beneficial for the Group for the following reasons:-

(a) The businesses of WET, which is regarded by the management of the Company to be complementary to the current business of the Group, being providing waste management services such as the collection of used copper slag and other industrial waste materials to shipyards and other commercial establishments. The Proposed Acquisition will also serve as an expansion of the Group's existing waste management services undertaken by its subsidiaries and provide an opportunity to the Group to engage in the business of water and wastewater treatment and re-utilisation.

(b) The Company considers the Proposed Acquisition to be able to add value to the business of the Group. Specifically for waste management, which is beneficial to the Group. Presently, the Group incurs costs to dispose oil sludge, used copper slag, and other industrial waste. Through such investment, the Group is able to generate revenue both by collecting waste and producing aggregates or by-products which can be used by other industries as raw materials.

(c) Through the consultancy services provided by WET, the Group's Infrastructure Engineering division will have the opportunity to tap on WET's business network to provide engineering and construction services.

5. Financing

The Proposed Acquisition will be financed by way of bank borrowings and internal resources.

6. Financial Effects of the Proposed Acquisition

Net Tangible Assets ("NTA")

The effect of the Proposed Acquisition on NTA per share of the Group for the financial year ended 31 December 2006, assuming that the Acquisition had been effected as at 31 December 2006.

	Before Proposed Acquisition	**After Proposed Acquisition**
NTA per share	18.87 cents	18.63 cents

Note:

The NTA per share after the Acquisition is calculated based on the audited consolidated financial statements of the Company as at 31 December 2006 and the unaudited consolidated financial statements of WET as at 31 December 2006.

Earning Per Share ("EPS")

The effect of the Proposed Acquisition on the EPS of the Group for the financial year ended 31 December 2006, assuming that the Proposed Acquisition had been effected at the beginning of that financial year is as follows:-

	Before Proposed Acquisition	**After Proposed Acquisition**
EPS	3.28 cents	3.22 cents

Note:

The EPS per share after the Acquisition is calculated based on the audited consolidated financial statements of the Company for the year ended 31 December 2006 and the unaudited consolidated financial statements of WET for the year ended 31 December 2006.

Gearing

The effect of the Proposed Acquisition on the gearing of the Group is as follows:-

	Before Proposed Acquisition	**After Proposed Acquisition**
Gearing	0.71 times	0.75 times

Note:

"Gearing" means the ratio of Total Bank Borrowings to NTA. "Total Bank Borrowings" means the amount of liabilities arising from borrowings from banks and financial institution.

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

The relative figures for the Proposed Acquisition 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	The net losses attributable to WET Shares for FY2006 were approximately S$74,454. The audited consolidated net profits of the Group for FY2006 were approximately S$3.8 million.
1006 (c)	Consideration Test	The Consideration of S$5.66 million for the Proposed Acquisition represents approximately 6.5% of the Company's current market capitalisation of approximately S$87 million as at 15 May 2007 (being the market day preceding the date of the SPA).
1006 (d)	Equity Securities Test	Not applicable as no equity securities are to be issued as consideration for the Proposed Acquisition.

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

8. Interest of Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. Documents for Inspection

A copy of the SPA is available for inspection at the registered office of the Company at 55 Shipyard Road, Singapore 628141 for 3 months from the date of this Announcement.

BY ORDER OF THE BOARD

Chua Meng Hua
Executive Director
17 May 2007