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

BUSINESS UPDATES
PROPOSED DIVERSIFICATION OF BUSINESS

The Board of Directors of Beng Kuang Marine Limited (the "Company", together with its subsidiaries, the "Group") wish to provide some updates to shareholders as follows:-

In 2008, the Company has acquired a yard in Kabil, Batam. During 2009, the Company has built one accommodation deckhouse for a pipe laying barge, a new barge and ship repair work. Leveraging on the Group's service offering in the provision of ship building and ship repair services, the Company intends to expand and diversify its business activities to include the provision of "Shipping and Offshore Services" ("Proposed New Business"). The activities of the Proposed New Business are briefly described below.

Shipping Services:

This includes the building of new barges and tugs or other sea vessels, or acquiring them from their owners, for charter hire to third parties or to support the Group's provision of offshore services described below. The tugs and barges will mainly be used for sea transportation purposes to carry a wide range of dry bulk cargo or containers of cargo. Other sea vessels that the Group may invest in include accommodation barge, supply vessel, livestock shipping vessels, and other types of sea vessels which the Group may find suitable from time to time to include in its fleet of vessels in order to increase business activities for the Proposed New Business.

Offshore Services:

In addition to deriving revenue from the charter hire of its vessels, the Group also intends to leverage on its fleet of vessels to provide services to offshore oil and gas production companies or their service providers. Such services include offshore logistics support and offshore engineering support.

As announced on 29 September 2010, the Group has entered into a non-binding term sheet for the proposed acquisition and subscription of shares in BannerLexxon Offshore Pte Ltd ("BLO") (the "Proposed Investment"). The Proposed Investment (if successful) will result in the Company holding 60% of the total enlarged issued share capital of BLO.

The Company will be convening an extraordinary general meeting ("EGM") to seek the approval of shareholders for the proposed diversification of the Group's business to include the Proposed New Business. In regard to the Proposed Investment in BLO, it will also be subject to the approval of shareholders if it is a "major acquisition" according to Rule 1014 of the Listing Manual. On the other hand, the Company will release an announcement according to the requirements of Rule 1010 of the Listing Manual if the Proposed Investment in BLO is merely a discloseable transaction, which can only be determined upon the signing of the definitive agreement for the Proposed Investment.

The Company will make further announcements to update the shareholders from time to time as appropriate.

By Order of the Board

Chua Meng Hua
Executive Director
18 October 2010