BENG KUANG MARINE LIMITED
Registration No. 199400196M

PROPOSED DISPOSAL OF PROPERTY

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company's announcement dated 18 January 2013 (the "Announcement").

1. INTRODUCTION

Further to the Announcement, the Board of Directors of Beng Kuang Marine Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that Picco Enterprise Pte Ltd ("Picco"), a wholly-owned subsidiary of the Company has on 19 April entered into an agreement (the "Agreement") with an investment vehicle of Soilbuild Group Holdings Ltd (the "Purchaser"), an unrelated third party, relating to the sale and purchase of the Property (the "Proposed Disposal").

2. INFORMATION ON THE PROPERTY

The Property is located at 38 Tuas View Square Singapore 637770 and is currently used by the Group as warehousing facilities for its Supply and Distribution Division, which supplies mainly hardware equipment and tools to the marine and offshore oil and gas industries, and as foreign workers' dormitory for its Corrosion Prevention Division, which provide vessels' painting and blasting services to shipyards.

3. PROPOSED DISPOSAL

(a) Sale consideration

The sale price for the Property is S$14,500,000 ("Sale Consideration") and was arrived at on a willing buyer-willing seller basis after taking account the prevailing market condition and the fair value of S$13 million as at 27 December 2012 as appraised by Chesterton Suntec International Pte Ltd, an independent professional valuer engaged by the Company.

The Sale Consideration shall be paid to Picco in the following manner:-

(i) A deposit of S$500,000 upon the signing of the Agreement; and

(ii) The balance of S$14,000,000 on the completion of the sale and purchase of the Property ("Completion").

(b) General conditions of sale

The sale is subject to "The Law Society of Singapore's Conditions of Sale 2012" in so far as they are applicable to a sale by private treaty and are not contrary to or in conflict with the following:-

(i) the Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act (Cap. 61); and

(ii) the Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act (Cap. 294A) (if applicable).

(c) Leaseback

On Completion, the Purchaser and Picco will enter into a lease agreement (the "Lease Agreement") governing the terms of the leaseback of the Property by Picco from the Purchaser for the lease term of 7 years commencing from (and including) the date of Completion.

The Lease Agreement also provides the Company with an option to renew the lease period for another 5 years.

4. RATIONALE FOR THE PROPOSED DISPOSAL

(a) The Property was acquired in April 2009 at the purchase consideration of S$7.2 million. With the uncertainty in the economic outlook in Singapore and the region, the Company believes that it is a good opportunity to dispose of the Property taking into account of the net gain of approximately S$7.3 million. Furthermore, the Sale Consideration of S$14.5 million represents a premium of S$1.5 million over the fair valuation of S$13 million as assessed by Chesterton Suntec International Pte Ltd. As the proceeds of the sale of the Property are substantial, the Proposed Disposal will also put the Company in a better position to strengthen its financial position;

(b) As at 30 September 2012 and 31 December 2012, the Group recorded a negative working capital of approximately S$12.67 million and S$3.05 million respectively. The Group recognises the urgent need to address the issues associated with negative working capital. The net proceeds of the Proposed Disposal will be used to, *inter alia*, repay existing bank borrowings and significantly improve the working capital of the Group;

(c) The Group is able to lease back the Property and continue to operate at the same location without any disruption to the operations for the next 7 years after the Completion; and

(d) The Property is not a large contributor to the Group's revenue, net book value or profits. As such, the Group's ability to carry out its business will not be materially affected by the Proposed Disposal.

5. PROPOSED USE OF PROCEEDS

The Group will utilise the net proceeds of the Proposed Disposal for working capital purposes and to repay its existing bank borrowings. With the sale, the working capital position of the Group would significantly improve.

6. FINANCIAL EFFECT

For illustrative purposes only, based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2012, the financial effects of the Proposed Disposal are set out below:-

	Before the Proposed Disposal	**After the Proposed Disposal**
Net Assets Value per share (cts)	14.05	15.18
Earnings/(Loss) Per Share (cts)	(0.82)	0.31
Net Gearing (times)	0.76	0.54
Positive /(Negative) Working Capital	(S$3.05 million)	S$4.58 million

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

1016 (a)	Net Asset Value Test	The net asset value of the Property as at 31 December 2012 is S$6.9 million and this represents approximately 8.8% of the Group's net asset value of S$78.1 million as at 31 December 2012.
1006 (b)	Profits Test	Not applicable as the Property is for internal usage.
1006 (c)	Market Capitalisation Test	The Sale Consideration of S$14.5 million represents approximately 18.4% of the Company's current market capitalisation of approximately S$78.8 million as at 18 April 2013 (being the market day preceding the date of the Agreement).
1006 (d)	Equity Securities Test	Not applicable as no equity securities are to be issued as consideration for the Proposed Disposal.

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

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreement, the Lease Agreement, and valuation report dated 27 December 2012 prepared by Chesterton Suntec International Pte Ltd are 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
Managing Director
19 April 2013