BENG KUANG MARINE LIMITED
Registration No. 199400196M

PROPOSED ISSUE OF CONVERTIBLE BONDS

1. INTRODUCTION

The Board of Directors of Beng Kuang Marine Limited (the "Company" and together with its subsidiaries, the "Group") wishes to announce that the Company has on 25th March 2015 entered into convertible bond agreements (the "Convertible Bond Agreement") with the investors whose names are set out in paragraph 5 below (each a "Subscriber" and collectively, the "Subscribers").

2. SALIENT TERMS OF THE CONVERTIBLE BOND AGREEMENT

2.1 Issue of the Bonds

Under the terms of the Convertible Bond Agreement, subject to the conditions precedent set out in paragraph 2.2. below ("Conditions Precedent") being fulfilled (or waived as the case may be), the Company shall issue up to S$5,000,000.00 in aggregate principal amount equity-linked redeemable convertible bonds (the "Bonds, and each a "Bond"), which will bear interest at eight per cent (8%) per annum of the principal amount outstanding, to the Subscribers, in accordance with the terms and subject to the conditions of the Convertible Bond Agreement ("Proposed Issue"). The Bonds will not be listed.

2.2 Conditions Precedent

The obligations of the Subscriber to subscribe for the Convertible Bonds (or any part thereof) shall be conditional upon the following conditions having been fulfilled or otherwise waived in writing at the sole and absolute discretion of the Subscriber on the date of the issue of the Bonds ("Completion Date"):

(a) all necessary consents and approvals from the relevant third parties and regulatory bodies in Singapore (including but not limited to the Singapore Exchange Securities Trading Limited ("SGX-ST") as well as the consents, approvals and waivers of the shareholders of the Company (if required) having been obtained in connection with:

(i) the execution of the Convertible Bond Agreement by the Company with the Subscriber;

(ii) the issuance of the Bonds by the Company to the Subscriber.

(b) there not having been any circumstance immediately prior to Completion Date (such circumstance being outside the control of the Company) which will prevent the completion of the subscription and issue of the Bonds provided that this condition shall be deemed to be satisfied if the Subscriber agrees to proceed with the issue of the Bonds; and

(c) all representations, warranties and undertakings of the Company have been complied with and are true, accurate and correct as at the Completion Date.

If any of the conditions specified above is not fulfilled by the Company or the Subscriber and the issuance of the Bonds could not be proceeded within two (2) months from the date of the Convertible Bond Agreement for any reason whatsoever, the principal amount shall

be refunded by the Company to the Subscriber free from interest and none of the parties have any claims against any other party.

3. SALIENT TERMS OF THE BONDS

The Bonds will be in registered form in the denomination of S$500,000 each or integral multiples thereof, and will not be listed. The Bonds constitute direct, irrevocable, unconditional and unsubordinated obligations of the Company, ranking *pari passu* amongst and rateably without any preference among themselves.

3.1 Interest

The Bonds shall bear simple interest from the date of issue of the Bonds at the rate of eight per cent (8%) per annum (the "Fixed Interest") of the principal amount outstanding of the Bonds, payable in arrears at the end of each six-month period on the date falling immediately before 30 June and 31 December of each calendar year.

In the event the Bonds are converted or redeemed, the Fixed Interest (accrued up to and including the date on which the Bonds are converted ("Conversion Date") or redeemed) shall be paid to the holder of the Bond (the "Bondholder") on the Conversion Date or date of redemption (as the case may be) in respect of the portion of the Bonds being converted or redeemed, as the case may be.

3.2 Conversion

(a) Conversion Period

All or any part of the Bonds shall be convertible, at the sole discretion of a Bondholder, into Shares at the Conversion Price (as defined below) ("Conversion Shares") (the "Conversion Right"). A Bondholder's right of conversion may be exercised at any time after twelve (12) months from the date of issue of the Bonds ("Issue Date") and up to the date the Bonds are redeemed.

(b) Issue of New Shares and Conversion Price

The Conversion Shares shall be issued and credited as fully paid upon the conversion of the Bonds in accordance with the terms and conditions of the Bonds ("Conditions"), such Conversion Shares to rank pari passu in all respects with all other then existing Shares. The Conversion Shares shall on issue be free whatsoever from all and any mortgage, pledge, lien, option, charge, assignment of receivables, orany other encumbrance.

The conversion price will be S$0.21 per share (the "Conversion Price"). The Conversion Price shall be subject to appropriate adjustments by the Company, such adjustments to be as determined by the Board, in the event of rights, bonus or other capitalisation issues.

The number of Shares to be delivered on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price.

Based on the Conversion Price of S$0.21 per Share and assuming all the Bonds are converted, an aggregate of 23,809,523 Shares representing 4.40% of the issued Shares of the Company as at the date hereof will be issued on conversion of the Bonds.

The Conversion Price represents a premium of 12.3% over the volume weighted average share price of the Shares of the Company on 24th March 2015 being the last full market day up to the date of signing of the Convertible Bond Agreement.

The Bonds and Conversion Shares have been issued pursuant to the authority granted by shareholders of the Company ("Shareholders") by way of an ordinary resolution at an annual general meeting of the Company held on 28 April 2014 ("2014 AGM") for the issue of shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) as at the date of the 2014 AGM, of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares) (the "Share Issue Mandate").

The number of issued Shares as at the date of the 2014 AGM was 540,041,625 shares and the maximum number of Shares to be issued other than on a pro-rata basis is 108,008,325 Shares. The allotment and issuance of 23,809,523 Conversion Shares falls within the limits of the Share Issue Mandate.

Pursuant to the allotment and issuance of the 23,809,523 Conversion Shares, the Company's issued and paid-up share capital will increase from 540,041,625 Shares to 563,851,148 Shares. The Conversion Shares represents 4.40% of the existing issued and paid-up share capital of the Company prior to the allotment and issuance of the Conversion Shares and approximately 4.22% of the enlarged issued and paid-up share capital of the Company following the allotment and issuance of the Conversion Shares.

3.3 Redemption

Unless previously redeemed or converted in accordance with the Conditions, without prejudice to the Company's option to redeem, the Company will redeem each Bond on the date falling four (4) years from the Issue Date at an amount equal to the aggregate of the entire principal amount then outstanding of the Bonds to be redeemed ("Redemption Amount") plus all outstanding unpaid interest or other payments to which the Bondholder is entitled in respect of the Bonds to be redeemed.

3.4 Governing law

The Conditions shall be governed by and construed in all respects in accordance with the laws of Singapore.

4. LISTING OF THE CONVERSION SHARES

The Company will be making an application to the SGX-ST for the listing and quotation of the Conversion Shares on the Mainboard of the SGX-ST in due course.

5. THE SUBSCRIBERS

The Subscribers and the principal amount of the Bonds to be subscribed for by each of them is as follows:

SN	Name of Subscriber	Background of Subscriber	Aggregate Principal Amount of Bonds to be Subscribed
1	Cheong Hock Wee	Mr Cheong is a private investor and was a former director of the Company	S$500,000.00
2	Hoe Kai Ling	Ms Hoe is a private investor.	S$500,000.00
3	Jason Sim Chon Ang	Mr Sim is a private investor.	S$1,000,000.00
4	Lee Fong	Ms Lee is a private investor.	S$500,000.00

5	Lee Yong Chuan	Mr Lee is a private investor.	S$1,500,000.00
6	Neo Cheng Soon	Mr Neo is a private investor.	S$500,000.00
7	Tan Yi Biau	Mr Tan is a private investor.	S$500,000.00
	Total		S$5,000,000.00

From time to time, the directors and management of the Company receive indications of interest to invest in the Company. The Subscribers are private individuals who had previously expressed an interest in the Company and who were identified by the Board as potential investors in the Company. The Subscribers were independently approached by the Board and as the Board understands, have entered into the Convertible Bond Agreement for financial investment purposes.

No placement agent has been appointed in relation to the Proposed Issue and no commission or finder's fee is payable by the Company to any person in relation thereto.

There will not be any Offer Information Statement issued in connection with the Proposed Issue as it will be made pursuant to exemption under Sections 274 and 275 of the Securities and Futures Act, Chapter 289.

6. RATIONALE AND USE OF PROCEEDS

The net proceeds to be raised by the Company from the Proposed Issue (after deducting estimated expenses of S$100,000) are approximately S$4,900,000 ("Net Proceeds"). The Company intends to utilise the Net Proceeds from the Proposed Issue for working capital, to repay short term bank borrowings and to fund business expansion through investments, acquisitions and joint ventures. Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or marketable securities, or for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when they are materially disbursed. The Company will also provide a status report on the use of Net Proceeds in the Company's interim and full-year financial statements and annual report.

7. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

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 Issue save for their interests arising by way of their shareholdings in the Company.

In particular, the Proposed Issue will not be placed to any of the following persons:

(a) the Company's directors and substantial shareholders;
(b) immediate family members of the directors and substantial shareholders;
(c) substantial shareholders, related companies (as defined in Section 6 of the Companies Act, Chapter 50), associated companies and sister companies of the Company's substantial shareholders;

(d) corporations in whose shares the Company's directors and substantial shareholders have an aggregate interest of at least 10%; and
(e) any person who, in the opinion of the SGX-ST, falls within category (a) to (d).

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Convertible Bond Agreements will be made available for inspection during normal business hours at the registered office of the Company at 55 Shipyard Road, Singapore 628141 for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

Chua Meng Hua
Managing Director
25 March 2015