BENG KUANG MARINE LIMITED
Registration No. 199400196M

PROPOSED SHARE CONSOLIDATION OF EVERY FOUR (4) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF BENG KUANG MARINE LIMITED HELD BY SHAREHOLDERS AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The Board of Directors (the "**Board**") of Beng Kuang Marine Limited (the "**Company**") wishes to announce that the Company proposes to undertake a share consolidation of every four (4) existing issued ordinary shares in the capital of the Company (the "**Shares**") held by shareholders of the Company (the "**Shareholders**") as at a books closure date to be determined by the Directors (the "**Books Closure Date**") into one (1) ordinary share (the "**Consolidated Shares**"), fractional entitlements to be disregarded (the "**Proposed Share Consolidation**").

2. PROPOSED SHARE CONSOLIDATION

2.1 General

Under the Proposed Share Consolidation, every four (4) existing Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.

As at the date of this announcement, the Company has an issued and paid-up share capital of S$50,127,342 consisting of 540,041,625 Shares. On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date, immediately following the implementation of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S$50,127,342 consisting of approximately 135,010,406 Consolidated Shares (subject to rounding).

The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will also not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not

cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

2.2 **Rationale for the Proposed Share Consolidation**

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Monetary Authority of Singapore had introduced, with effect from 2 March 2015, a minimum trading price of S$0.20 for Mainboard-listed stocks as a continuing listing requirement (the "**MTP Requirement**").

Pursuant to the MTP Requirement, issuers who are unable to record a six-month volume-weighted average price of its Shares of S$0.20 or above at each of the quarterly review dates, which will first commence in March 2016, will be placed on the watch-list. Affected issuers who fail to take remedial actions during the cure period of 36 months may be delisted from the Mainboard of the SGX-ST.

Accordingly, the Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders in facilitating compliance with the MTP Requirement.

2.3 **Adjustment to Outstanding Redeemable Convertible Bonds ("Bonds Adjustment")**

The Company had issued in aggregate of 10 redeemable convertible bonds ("**Bonds**") at the issue price of S$500,000 per Bond (ie. S$5,000,000 in aggregate principal amount) to certain subscribers on 27 April 2015.

The number of new 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 of S$0.21 per Shares ("**Conversion Price**"). The alteration to the number of Shares as a result of the Proposed Share Consolidation will constitute an event giving rise to an adjustment to the Conversion Price

The Company will carry out the adjustment in accordance with the terms and conditions of the Bonds. Further announcement(s) will be made by the Company in respect of the Bonds Adjustment as and when appropriate.

2.4 **Approvals and Conditions**

The Proposed Share Consolidation is subject to, *inter alia*:

(a) the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares and the Conversion Shares after adjusting for the Proposed Share Consolidation (the "**Consolidated Conversion Shares**") on the Official List of the SGXT-ST; and

(b) the approval of Shareholders by way of an ordinary resolution at an extraordinary general meeting of the Company (the "**EGM**") to be convened to approve, *inter alia*, the Proposed Share Consolidation.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares and Consolidated Conversion Shares on the Official List of the SGX-ST. An announcement will be made in due course upon receipt of the approval in-principle from the SGX-ST.

3. CIRCULAR

Subject to receipt of the approval in-principle from the SGX-ST, a circular, containing, *inter alia*, further information on the Proposed Share Consolidation and the notice of EGM, will be despatched to Shareholders in due course.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation other than through their respective shareholdings in the Company).

BY ORDER OF THE BOARD

Chua Meng Hua
Managing Director
11 May 2015