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

RESPONSE TO SGX QUERIES ON THE THIRD QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

The Board of Directors of Beng Kuang Marine Limited (the "Company") refer to the queries ("Queries") raised by Singapore Exchange Securities Trading Limited ("SGX-ST") in respect of the Company's unaudited financial statements for the financial period ended 30 September 2019 (the "Financial Statements") and wishes to respond to the queries as follows:-

SGX-ST's Query 1:

With regard to page 1 of the Financial Statements, please explain:

(i) the material variance in the "cost of sales";
(ii) the nature of the line item "other gain, net"

Company's response:

(i) the material variance in the "cost of sales"

For 3Q2019

The Group's cost of sales increased by S$5.3 million from S$8.55 million in 3Q2018 to S$13.85 million in 3Q2019. This was primarily due to increase in business activities across all divisions in 3Q2019 compared to 3Q2018

For 9M2019

The Group's cost of sales increased by S$3.9 million from S$31.84 million in 9M2018 to S$35.76 million in 9M2019 primarily due to increase in business activities in corrosion prevention and infrastructure divisions.

Company's response:

(ii) The nature of the line item "other gain, net"

Breakdown of other gains, net :

	GROUP	
	3Q2019	9M2019
	S$'000	S$'000
Interest income from bank deposits	1	7
Gain on disposal of property, plant and equipment	11	189
Currency translation gains, net	521	220
Government grants	86	174
Gain on disposal of a subsidiary	-	5,810
Miscellaneous back-charge of services	165	283
TOTAL	784	6,683

SGX-ST's Query 2:

With regard to page 3 of the Financial Statements, please explain the material variance in "contract assets".

Company's responses:

	GROUP	
	30 September 2019	31 December 2018
	S$'000	S$'000
Contract assets	7,205	5,417

The increased in contract assets by S$1.8 million from S$5.42 million as at 31 December 2018 to S$7.21 million was in tandem with the higher work in progress from our corrosion prevention and infrastructure divisions,

By Order of the Board

Chua Meng Hua
Managing Director and Chief Executive Officer
27 November 2019