BENG KUANG MARINE LIMITED
Registration No. 199400196M

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNOUNCEMENT DATED 7 MARCH 2022

The Board of Directors of Beng Kuang Marine Limited (the "**Company**") wishes to inform shareholders that the Company has received the following queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") regarding the Company's announcement dated 7 March 2022 and sets out its response as follows: -

Query 1:

Please clarify the purchase consideration for 10% equity stake in I.O.T Workz.

Company's response:

On 3 March 2022, Quill Marine Pte Ltd (a wholly owned subsidiary of Beng Kuang Marine Limited) signed a legally binding termsheet with I.O.T Workz Pte Ltd ("I.O.T Workz") to subscribe for 10% shareholding interest in I.O.T Workz.

The purchase consideration for the proposed acquisition 10% equity stake in I.O.T Workz (the "**Target**") is S$100,000 in cash and will be funded by internal resources.

Query 2:

Please disclose the information required under Listing Rule 1010 if applicable.

Company's response:

As the relative figures computed on the bases set out in Rule 1006 do not exceed 5%, Rule 1010 is not applicable. Please see the Company's response to Query 3 for the computation of the relative figures.

Query 3:

Please provide the computations of relative figures on the bases set out in Rule 1006.

Company's response:

The transaction is considered a non-disclosable transaction pursuant to Rule 1006 of the Listing Manual as the relative figures are below the 5% threshold.

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

1006 (a)	Net Asset Value of the assets to be disposed of, compared with the Group's net asset value	Not Applicable. This is not a disposal.

1006 (b)	Net losses attributable to the assets acquired, compared with the Group's net loss	The net loss before tax of the Target for the financial year ending 31 December 2021 is approximately S$6,580. As the shareholding interest being acquired is 10%, the accounting treatment of the Target is that of an associate company. The net loss attributable to the Target as an associate company is approximately S$658. The Group's net loss before tax for the financial year ending 31 December 2021 is S$15.87 million. Accordingly, the relative figure is approximately 0.0%.
1006 (c)	Aggregate value of the consideration given, compared with the Company Market Capitalisation	Based in the volume weighted average price of the Company's share transacted on 4 March 2022 at S$0.095 per share (being the market day preceding the date of signing the term sheet), the aggregate value of the consideration to be paid represents approximately 0.05% of the Company's market capitalisation S$18.9 million.
1006 (d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable. No equity securities are being issued as consideration.
1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable.

Query 4:

Please clarify whether any director or controlling shareholder has any interest, direct or indirect, in the acquisition and the nature of such interests.

Company's response:

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above proposed transaction (other than through their shareholdings in the Company), save that CNPLaw LLP (of which Mr Low Wee Siong is a partner) has been engaged as legal adviser to the Company to advise on the transaction.

Query 5:

Please disclose the estimated financial impacts arising from the acquisition.

Company's response:

The above transaction is not expected to have any material impact on the consolidated net tangible assets or earnings per share of the Group for the current financial year ending 31 December 2022.

Query 6:

Noting that Beng Kuang Group has a right of first refusal to acquire another 20% equity stake in I.O.T Workz, please disclose the salient terms of the acquisition including and not limited to the right of first refusal.

Company's response:

The Company would like to clarify that it is an option, and not a right of first refusal, to further subscribe for up to an additional 20% of the share capital of the Target (the "**Additional 20% Subscription**") (on an enlarged share capital basis post completion of the Additional 20% Subscription) within three years subsequent to the completion of the subscription of the 10% shareholding interest (the "**Subscription**").

The option price for the Additional 20% Subscription shall be at 20% discount to the then prevailing business valuation per share of the Target (as determined by an independent valuer and/or independent financial adviser, as mutually agreed upon between the Target and the Company). For the avoidance of doubt, the method and/or type of business valuation shall also be mutually agreed upon between the Target and the Company at such point in time.

Other salient terms as set out in the term sheet are as follows:-

Conditions Precedent	The proposed Subscription is subject to, but not limited to, the following conditions precedent being met or otherwise waived by the Company:- (a) The completion of due diligence by the Company (including but not limited to legal and financial due diligence) and the results of such due diligence being satisfactory to the Company in its sole discretion; (b) entry by the parties into the definitive agreements; (c) necessary approvals from the board of directors and shareholders of the Company (including such approvals that may be required of the Company in compliance with the listing rules of the SGX-ST); (d) necessary approvals from the board of directors and shareholders of the Target, such approvals not to be unreasonably withheld; (e) all requirements under law and the listing rules of the SGX-ST as deemed applicable by Company in relation to the proposed Subscription being complied with; The parties agree that the definitive agreements shall also include other conditions precedent, covenants and/or undertakings as reasonably required by the Company arising out of its due diligence investigations.
Undertakings	The parties shall use their best endeavors to negotiate, finalise and execute the definitive agreements as soon as practicable, but in any event not later than 90 days from the date of execution of the term sheet or such other date as the Parties may mutually agree to in writing (the "**Exclusive Period**"). In the event the Parties fail to enter into the definitive agreements upon the expiration of the aforementioned 90 days, the Parties shall negotiate and agree upon an extension of time, failing which this term sheet shall terminate with the Parties owing no further obligations to each other save in respect of antecedent breaches. The Target undertakes, and the Target shall procure its existing shareholders to undertake, not to change the capital structure of the Target, save with the consent of the Company.

	The Target shall procure its existing shareholders to undertake not to pledge, sell, dispose, transfer or otherwise deal with their shares (and its associated rights) in the Target, save with the consent of the Company. The Target shall procure its existing shareholders to provide non-competition and non-solication undertakings (i) for the duration in respect of which each of them is a shareholder of the Target; and (ii) for the 18 month period subsequent to which each of them cease to be a shareholder of the Target. The aforementioned non-competition and non-solicitation undertakings shall be those customary for transactions of such nature.
Investor rights	The Company shall be entitled to the following rights:- - The Company shall be entitled to such number of board seats on the Board of Directors of the Target such that the Company shall have at any time one third board representation; - The Company shall have the first right of refusal to participate in any future securities offers and/or issuance by the Company to any party who is not an existing shareholder ("**Third Parties**"), such participation to be on the same terms as those offered to such Third Parties at such securities offers and/or issuances. - The Company shall have the right to participate in pro-rata proportion in any securities offers and/or issuance to the shareholders of the Target, such pro-rata proportion in accordance with the Company's shareholding interest at that point in time.

Cautionary Statement

The Company is currently negotiating the definitive agreements, Accordingly, the salient terms set out above remains subject to modification or withdrawal as a result of any further discussions between the parties. The Company will make the appropriate announcements as and when the definitive agreements are finalised and entered into.

Shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares or securities of the Company.

BY ORDER OF THE BOARD

Chua Beng Yong
Executive Chairman
[11 March 2022]