BENG KUANG MARINE LIMITED
(Incorporated in Singapore on 8 January 1994)
(Company Registration Number 199400196M)

PROPOSED PLACEMENT OF UP TO 12,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF BENG KUANG MARINE LIMITED AT A PLACEMENT PRICE OF S$0.38 PER PLACEMENT SHARE

The Directors of Beng Kuang Marine Limited (the "Company") wish to announce that the Company has entered into a placement agreement dated 22 January 2007 (the "Placement Agreement") with UOB Kay Hian Private Limited (the "Placement Agent"). Pursuant to the Placement Agreement, the Company has agreed to issue up to 12,000,000 new ordinary shares (the "Placement Shares") in the capital of the Company at a placement price of S$0.38 (the "Placement Price") for each Placement Share (the "Placement") and the Placement Agent has agreed to procure the subscription and payment for, the Placement Shares at Placement Price for each Placement Share on a best effort basis. A placement commission of 3.0% of the Placement Price for each Placement Share subscribed, is payable by the Company to the Placement Agent pursuant to the Placement Agreement. The Placement is non-underwritten.

The Company has lodged its offer information statement dated 23 January 2007 (the "Offer Information Statement"), pursuant to Section 277 of the Securities and Futures Act, Chapter 289 of Singapore, and in accordance with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, with the Monetary Authority of Singapore on 23 January 2007.

The Company will be making an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Placement Shares on the Official List of the SGX-ST Dealing and Automated Quotation System (the "SGX-SESDAQ"). The Placement is conditional upon, *inter-alia*, the approval of the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-SESDAQ.

The Placement Shares is intended to be issued pursuant to the general mandate obtained at the annual general meeting of the Company held on 26 April 2006 which authorises the Directors of the Company pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, to allot and issue new shares not exceeding 20% of the Company's issued share capital in the case where shares are issued other than on a pro-rata basis to existing shareholders. As at 26 April 2006, the issued and paid up share capital of the Company was 116,236,875 ordinary shares. Assuming that the Placement is fully subscribed, the Placement Shares represent approximately 10.32% of the Company's issued and paid-up share capital as at 26 April 2006 and as at the date of this announcement.

The placement price of S$0.38 for each Placement Share represents a discount of approximately 5.0% of the weighted average price for trades done on the Company's Shares on the SGX-SESDAQ on 19 January 2007 (being the preceding market day prior to which the Placement Agreement was signed).

The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of the Company.

When completed, the Placement will increase the issued and paid up share capital of the Company to 128,236,875 ordinary shares (based on the 116,236,875 issued and paid up ordinary shares of the Company as at the date of this announcement) and the Placement Shares will represent approximately 9.36% of the Company's enlarged share capital.

The net assets value per share and the earnings per share of the Company and its subsidiaries (the "Group") as at 30 September 2006, based on the unaudited financial statements of the Company published on 13 November 2006 and its issued and paid up share capital as at the date of this announcement, were 17.92 cents and 2.33 cents respectively. The net assets value per share and the

earnings per share of the Group, after adjusting for the issue of the Placement Shares (the "Adjusted NAV per share" and "Adjusted EPS" respectively), would be 19.65 cents and 2.11 cents respectively.

Assuming that the Placement is fully subscribed, the estimated net proceeds from the Placement, after deducting estimated expenses pertaining to the Placement of S$190,000, will be S$4,370,000. The net proceeds will be used to fund the expansion of the Group's business through acquisitions or joint ventures as and when the opportunities arise and as working capital for the Group.

Pending the deployment of the net proceeds from the Placement, the net proceeds may be deposited with banks and/or financial institutions as the Directors may deem appropriate in the interests of the Group.

None of the Placement Shares will be placed by the Company to any person who is a director or a substantial shareholder of the Company, or any other person in the categories as set out in Rule 812(1) of the Listing Manual of the SGX-ST.

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

BY ORDER OF THE BOARD
Chua Meng Hua
23 January 2007