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Beng Kuang Marine secures USD5.85 million contract to perform the conversion and upgrading of FPSO

- **Represents the largest contract awarded to its infrastructure engineering division**
- **Confident of securing more contracts from oil & gas customers**

Singapore, 13 February 2007 – **Beng Kuang Marine Limited** ("**BKM**") or "明光海事" and its subsidiaries (the "Group"), are leading service providers for corrosion prevention, infrastructure engineering, and supply and distribution services to the marine and offshore oil and gas industries. BKM has, through its wholly-owned subsidiary PT. Nexus Engineering Indonesia secured USD5.85 million contract for the conversion and upgrading works of a Floating Production, Storage And Offloading ("FPSO") vessel for a new customer.

The contract, which is the largest to date ever secured by **BKM**'s infrastructure engineering division, involves turnkey services which includes design, procurement, fabrication, corrosion prevention, testing and installation, pre-commissioning and final project handover.

Third major contract in 3 months

This is the third major contract secured by **BKM** within the past three months. In November 2006, the Group announced that PT. Nexus Engineering Indonesia, had secured a S$3.9 million purchase order from a major rig building company. The project will commence in 2007 and be completed in 2008. In February 2007, Nexus Sealand Trading Pte Ltd secured a S$3.5 million contract from an established marine shipbuilding specialist for the supply of welding cables and other products required in the ship repair,

shipbuilding and rig building process. This transaction is expected to have a positive impact on the Group's 2007 earnings.

Commenting on the recent success in securing contracts, Mr Chua Beng Kuang, the Group's Managing Director said, "The Group has strengthened its infrastructure engineering and corrosion prevention capacities and capabilities by investing in new equipment and human resource since it's listing in 2004. This expansion is timely as we are now experiencing enquiries from existing and potential customers. "

"We have been in the marine and offshore oil & gas industry for more than 20 years. As far as I can recall, this is one of the best market outlooks I have seen. We believe the robust demand would continue into 2007 and 2008 and barring unforeseen circumstances, we are confident of securing further such contracts in the following months." Mr Chua added.

Industry Outlook

Despite the recent dip in oil prices, the outlook of the offshore oil and gas sector remains encouraging with major rig builders continuing to announce new orders. Rig utilisation, including the jack-up drilling rigs, has remained consistently high at more than 90% for the past three years while day charter rates for various types of rigs have risen significantly. The strong demand for jack-up rigs and FPSOs would contribute to healthy order books for service vendors with proven track records. Barring unforeseen circumstances, **BKM**, with its track record in the industry, is poised to benefit from this sustained demand for oil rigs in the coming years.

Mr Chua Beng Kuang, Managing Director, said," The management believes this is the beginning of a new era of growth for **BKM**, driven by strong demand for its infrastructure engineering capabilities."

" Our fabrication yards in Singapore and Batam, Indonesia are well equipped with mobile and overhead crane facilities, welding machines and other machinery and equipment. Through our Batam yard, we are capable of undertaking turnkey engineering projects for the local and international customers in Indonesia and expand our presence in the market." Mr Chua commented.

When asked about the FY2006 results, Mr Chua concluded, “Based on our previous third quarter announcement, our net profit for the nine months ended 2006 has already exceeded the net profit for the whole of FY2005. We shall keep our shareholders updated on our FY2006 results in late February.”

--- The End ---

About Beng Kuang Marine Limited

Beng Kuang Marine Limited (“BKM”) and its subsidiaries (the “Group”) are established providers of corrosion prevention services, infrastructure engineering services, as well as the supply and distribution of hardware equipment and tools to the marine and offshore oil and gas industries. The Corrosion Prevention and Supply and Distribution divisions have always been the main revenue drivers of the Group. However, with the rapid growth in shipbuilding and rig building projects, BKM expects the Infrastructure Engineering division to be a key growth driver in the future. For the Infrastructure Engineering division, BKM provides turnkey engineering services from planning, project management to implementation involving fabrication, corrosion prevention, testing, installation and pre-commissioning of steel work modules and structures for customers in the offshore oil and gas industry.

For more information, please refer to the website, www.bkmgroup.com.sg

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Issued for and on behalf of Beng Kuang Marine Limited

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