

CIRULAR DATED 15 JULY 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by King Wan Corporation Limited (the “**Company**”). If you are in any doubt as to the contents herein or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Printed copies of this Circular will not be sent to the shareholders of the Company. Instead, this Circular will be sent to the shareholders of the Company solely by electronic means together with notice of Annual General Meeting of the Company (“**AGM**”) dated 15 July 2021, which are available on SGXNET, the Company’s corporate website (www.kingwan.com) and at URL: <https://conveneagm.com/sg/kingwan>.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**KING WAN
CORPORATION
LIMITED**

KING WAN CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200001034R)

CIRCULAR TO THE NOTICE OF AGM IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

Important Dates and Times

Last date and time for lodgement of Proxy Form : 27 July 2021 at 10.00 a.m.

Date and time of Annual General Meeting : 30 July 2021 at 10.00 a.m. by electronic means.

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DEFINITIONS

In this Circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“AGM”	:	Annual general meeting of the Company. Unless the context otherwise requires, “AGM” shall refer to the annual general meeting to be held on 30 July 2021
“Annual Report 2021”	:	The Company’s annual report for the financial year ended 31 March 2021
“Board”	:	The board of Directors as at the date of this Circular
“CDP” or “Depository”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 15 July 2021
“Companies Act” or the “Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Company”	:	King Wan Corporation Limited
“Constitution”	:	The Memorandum and Articles of Association of the Company for the time being in force
“Controlling Shareholders”	:	A person who holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) in the Company (unless otherwise exempted by the SGX-ST) or in fact exercises control over the Company, as defined under the Listing Manual
“Director”	:	A director of the Company for the time being
“Group”	:	The Company and its subsidiaries
“Group Company”	:	A company within the Group
“Latest Practicable Date”	:	5 July 2021, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Listing Rules”	:	The listing rules under the Listing Manual
“Maximum Purchase Price”	:	in relation to a Share to be purchased, means an amount that includes any expenses (including brokerage, commission and other related expenses) incurred directly in the purchase by the Company of its own shares, not exceeding: (i) in the case of a Market Purchase : 105% of the Average Closing Market Price; (ii) in the case of an Off-Market Purchase : 120% of the Average Closing Market Price
“Notice”	:	The notice of AGM dated 15 July 2021
“NTA”	:	Net tangible assets
“Securities Account”	:	The securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons named as depositors in the Depository Register and whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Share Purchase”	:	The purchase of Shares by the Company pursuant to the Share Purchase Mandate

“Share Purchase Mandate”	: A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set out in the Companies Act and the Listing Manual
“SIC”	: Securities Industry Council of Singapore
“Subsidiary holdings”	: Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“Substantial Shareholder”	: A person who has an interest in voting Shares in the Company and the total votes attached to that Share, or those Shares, represent not less than 5% of the total votes attached to all the voting Shares (excluding treasury Shares) in the Company
“Take-overs Code”	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Trading Day”	: A day on which the Shares are traded on the SGX-ST
“S\$” and “Cents”	: Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
“%” or “per cent”	: Percentage or per centum

The expression “**subsidiary**” or “**subsidiaries**” has the meaning ascribed to it in Section 5 of the Companies Act.

The terms “**associate**” and “**associated company**” shall have the meanings ascribed to them in the SGX-ST Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the Take-overs Code or any modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, the Listing Manual, the Take-overs Code or any modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day or date in this Circular shall be a reference to Singapore time and date unless otherwise stated.

Any reference to a website or any website directly or indirectly linked to such websites in this Circular is not incorporated by reference into this Circular and should not be relied upon.

LETTER TO SHAREHOLDERS

KING WAN CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200001034R)

Directors:

Chua Kim Hua (Group Chairman)
Chua Hai Kuey (Executive Director)
Chua Eng Eng (Managing Director)
Goh Chee Wee (Independent Non-Executive Director)
Siraarpa Siriviriyakul (Independent Non-Executive Director)
Tang Siew Foo, David (Independent Non-Executive Director)
Teo Ho Pin (Independent Non-Executive Director)

Registered Office:

8 Sungei Kadut Loop
Singapore 729455

15 July 2021

To: Shareholders of King Wan Corporation Limited

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

- 1.1 Reference is made to the Notice of AGM of King Wan Corporation Ltd (the "Company") dated 15 July 2021, accompanying the Annual Report 2021, convening the AGM which is scheduled to be held on 30 July 2021 and the Ordinary Resolution 7 in relation to the renewal of the Share Purchase Mandate, under the heading "Special Business" set out in the Notice.
- 1.2 The purpose of this Circular is to provide the Shareholders with details in respect of the proposed renewal of the Share Purchase Mandate (the "Renewal").
- 1.3 At the last AGM on 29 September 2020, Shareholders had renewed the grant of a mandate (the "Share Purchase Mandate") to enable the Company to purchase or otherwise acquire Shares in the capital of the Company.
- 1.4 The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution at the last AGM and will expire on the date of the forthcoming AGM, being 30 July 2021. The Directors propose that the Share Purchase Mandate be renewed again at the forthcoming AGM.
- 1.5 The purpose of this Circular is to provide Shareholders with relevant information pertaining to the proposal to be tabled at the AGM and to seek Shareholders' approval for the resolution relating to the Share Purchase Mandate at AGM to be held on 30 July 2021.

2. THE PROPOSED RENEWAL OF SHARE PURCHASE MANDATE OF THE COMPANY

2.1 Background and Shareholders' Approval

The Directors propose to renew the Share Purchase Mandate. The Share Purchase Mandate is conditional upon the approval of Shareholders at the AGM. As such, approval is being sought from Shareholders at the AGM for the adoption of a general and unconditional Share Purchase Mandate for the purchase or acquisition by the Company of its issued Shares. If approved, the Share Purchase Mandate will take effect from the date of the AGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, unless prior thereto, share buybacks are carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by the Company in general meeting. The Share Purchase Mandate may be put to Shareholders for renewal at each subsequent AGM.

2.2 Rationale

The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the earnings per Share and/or net tangible asset per Share.

Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or net asset value per Share. The Share Purchase Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases (as defined below), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.3 Authority and limits on the Share Purchase Mandate

The authority and limitations placed on purchases of Shares under the Share Purchase Mandate are summarised below:-

2.3.1 Maximum Number of Shares

Only Shares which are issued may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired under the Share Purchase Mandate will not exceed ten per cent (10%) of the total issued Shares of the Company as at the date of the forthcoming AGM at which the adoption of the Share Purchase Mandate is approved (the "**Approval Date**"). Any of the Company's Shares which are held as treasury shares or any subsidiary holdings will be disregarded for purposes of computing the ten per cent (10%) limit.

As at the Latest Practicable Date, the issued share capital of the Company comprised of 349,176,870 Shares. For illustration purposes only, on the basis of 349,176,870 Shares in issue as at the Latest Practicable Date, not more than 34,917,687 Shares (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate. As at the Latest Practicable Date, the Company is not holding any shares as treasury shares and it does not have any subsidiary holdings.

2.3.2 Duration of Authority

Share purchases or acquisitions may be made, at any time and from time to time, on and from the Approval Date, up to:

- (i) the date on which the next AGM of the Company is held or required by law to be held; or
- (ii) the date on which the Share purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

whichever is the earliest.

2.3.3 Manner of Share Purchase

- (i) Share purchases or acquisitions may be made by way of:
 - (a) a market purchase transacted on the SGX-ST, through one or more duly licensed dealers appointed by the Company for that purpose ("**Market Purchase**"); and/or
 - (b) an off-market purchase under an equal access scheme for the purchase or acquisition of Shares from Shareholders ("**Off-Market Purchase**").

- (ii) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Rules of the SGX-ST and the Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

However, an equal access scheme must satisfy all the following conditions:

- (a) offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (b) all of those persons must have a reasonable opportunity to accept the offers made to them; and
 - (c) the terms of all the offers must be the same except that there shall be disregarded (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements, (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.
- (iii) If the Company wishes to make an Off-Market Purchase, the Company will issue an offer document to all Shareholders which shall contain at least the following information:
- (a) the terms and conditions of the offer;
 - (b) the period and procedures for acceptances;
 - (c) the reasons for the proposed Share Purchase;
 - (d) the consequences, if any, of the share purchases by the Company that will arise under the Take-overs Code or other applicable take-over rules;
 - (e) whether the share purchase, if made, will have any effect on the listing of the Shares on the SGX-ST; and
 - (f) details of any share purchases made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (g) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price per Share (including brokerage, commission, and other related expenses incurred directly) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors.

However, the maximum purchase price to be paid for a Share must not exceed

- (i) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Market Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Average Closing Market Price (as defined hereinafter).

For the above purposes:

“Average Closing Market Price” means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares were recorded, before the day on which the Shares Purchases are made, or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the 5-day period; and

“Date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares on an equal access scheme, stating the purchase price (which shall not be more than the Maximum Purchase Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3.5 Status of Purchased Shares

Under the Companies Act, the Company may choose to hold the purchased Shares as treasury shares or to cancel them. The Constitution of the Company allows the Company to hold purchased Shares as treasury shares. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

Where Shares purchased or acquired by the Company are cancelled, the total number of Shares will be diminished by such number of Shares purchased or acquired.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

2.3.6 Treasury Shares

As explained in paragraph 2.3.5 above, under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Act. Some of the provisions on treasury shares under the Act are summarised below.

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent (10%) of the total number of Shares at that time.

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of the treasury shares, i.e. the Company will have no right to vote or attend at meetings and the treasury shares will be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller or greater amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Takeovers Code):

- (a) sell the treasury share (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employee's share scheme, whether for its employees, directors or other persons;
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.3.7 Reporting Requirements

- (i) Within thirty (30) days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting & Corporate Regulatory Authority ("ACRA").
- (ii) The Company shall notify the ACRA within thirty (30) days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchases, whether Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.
- (iii) The Listing Rules of the SGX-ST specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the date of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase, on the second market day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form and shall include such details as may be prescribed by the SGX-ST in the Listing Manual. The Company shall make arrangements with its Shareholders to ensure that they provide the Company in a timely fashion with the necessary information which will enable the Company to make the notifications to the SGX-ST.
- (iv) For an Off-Market Purchase, the Listing Rules require that the listed company issue an offer document to all Shareholders containing the information as set out in paragraph 2.3.3(iii) above.
- (v) While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two (2) weeks immediately preceding the announcement of the Company's results for each of the first three quarters of the financial year, and during the period of one (1) month immediately preceding the announcement of the Company's annual results.

2.3.8 Sources of Funds

The Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchases or acquisitions of Shares may be made only if the Company is solvent and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Act, a company is solvent if:-

- (i) the company is able to pay its debts in full as they fall due in the normal course of business at the time of payment for the purchase of shares, as well as during the period of twelve (12) months after the purchase; and
- (ii) the value of the company's assets, at the time of the purchase and after such purchase, is not less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.4 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits.

Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

- (a) the share capital of the Company where the Shares were purchased out of the capital of the Company;
- (b) the profits of the Company where the Shares were purchased out of the profits of the Company; or
- (c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including related brokerage and commission and all related expenses incurred directly) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases of Shares which may be made pursuant to the Proposed Renewal of Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

The impact of purchases or acquisitions under the Share Purchase Mandate on net asset value, earnings per Share and gearing of the Company and the Group will depend, *inter alia*, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to realistically calculate or quantify the impact at this point of time.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 March 2021, are based on the assumptions set out below.

2.4.1 Number of Shares purchased or acquired

Based on the existing number of Shares of the Company as at the Latest Practicable Date, the Proposed Renewal of Share Purchase Mandate or acquisitions by the Company of up to a maximum of ten per cent (10%) of its Shares under the Share Purchase Mandate will result in the purchase of up to 34,917,687 Shares.

2.4.2 Maximum Purchase Price paid for Shares purchased or acquired

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 34,917,687 Shares at the Maximum Purchase Price of S\$0.038 for each Share (being the price equivalent to 105% of the Average Closing Market Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 34,917,687 Shares is approximately S\$1.32 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 34,917,687 Shares at the Maximum Purchase Price of S\$0.043 for each Share (being the price equivalent to 120% of the Average Closing Market Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 34,917,687 Shares is approximately S\$1.51 million.

2.4.3 Illustrative Financial Effects

For illustrative purposes only and on the basis of the assumptions set out above, and that the Share Purchases were made entirely out of the Company's capital and financed entirely by internal cash of the Group, the financial effects on the audited consolidated financial statements of the Company and the Group for the financial year ended 31 March 2021 would have been as follows:

Scenario 1 – Share Purchases of up to 10% and cancelled

	← Group →			← Company →		
	Before Share Purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000	Before Share Purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000
As at 31 March 2021						
Loss after income tax	(1,489)	(1,489)	(1,489)	(1,485)	(1,485)	(1,485)
Total equity	59,103	57,783	57,595	33,426	32,106	31,918
NTA	59,103	57,783	57,595	33,426	32,106	31,918
Current assets	52,256	50,936	50,748	5,379	4,059	3,871
Current liabilities	54,103	54,103	54,103	19,304	19,304	19,304
Total borrowings	33,792	33,792	33,792	-	-	-
Cash and cash equivalents	11,130	9,810	9,622	120	(1,200)	(1,388)
Number of Shares ('000)	349,177	314,259	314,259	349,177	314,259	314,259
Financial Ratios						
Loss per Share (cents) ⁽¹⁾	(0.43)	(0.47)	(0.47)	(0.43)	(0.47)	(0.47)
NTA per Share (cents) ⁽²⁾	16.93	18.39	18.33	9.57	10.22	10.16
Gearing (%) ⁽³⁾	57.2%	58.5%	58.7%	-	-	-
Current ratio (times) ⁽⁴⁾	0.97	0.94	0.94	0.28	0.21	0.20

Notes:

- (1) Loss per Share represents net loss for the financial year ended 31 March 2021 respectively divided by the weighted average number of Shares for the financial year ended 31 March 2021.
- (2) "NTA per Share" represents NTA divided by the number of Shares as at 31 March 2021.
- (3) "Gearing" refers to the ratio of total borrowings to total equity.
- (4) "Current ratio" represents current assets divided by current liabilities.

Scenario 2 – Share Purchases of up to 10% and held as treasury shares

	← Group →			← Company →		
	Before Share Purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000	Before Share Purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000
As at 31 March 2021						
Loss after tax	(1,489)	(1,489)	(1,489)	(1,485)	(1,485)	(1,485)
Total equity	59,103	57,783	57,595	33,426	32,106	31,918
NTA	59,103	57,783	57,595	33,426	32,106	31,918
Current assets	52,256	50,936	50,748	5,379	4,059	3,871
Current liabilities	54,103	54,103	54,103	19,304	19,304	19,304
Total borrowings	33,792	33,792	33,792	-	-	-
Cash and cash equivalents	11,130	9,810	9,622	120	(1,200)	(1,388)
Number of Shares ('000)	349,177	314,259	314,259	349,177	314,259	314,259
Financial Ratios						
Loss per Share (cents) ⁽¹⁾	(0.43)	(0.47)	(0.47)	(0.43)	(0.47)	(0.47)
NTA per Share (cents) ⁽²⁾	16.93	18.39	18.33	9.57	10.22	10.16
Gearing (%) ⁽³⁾	57.2%	58.5%	58.7%	-	-	-
Current ratio (times) ⁽⁴⁾	0.97	0.94	0.94	0.28	0.21	0.20

Notes:

- (1) Loss per Share represents net loss for the financial year ended 31 March 2021 respectively divided by the weighted average number of Shares for the financial year ended 31 March 2021.
- (2) "NTA per Share" represents NTA divided by the number of Shares as at 31 March 2021.
- (3) "Gearing" refers to the ratio of total borrowings to total equity.
- (4) "Current ratio" represents current assets divided by current liabilities.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares. In addition, the Company may cancel all or parts of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements and ability to service its debts would be adversely affected.

The financial effects set out above are illustrations based on historical numbers for the financial year ended 31 March 2021 and are not necessarily representative of future financial performance.

2.5 Taxation

Shareholders who are in doubt as to their respective tax positions or tax implications of Share Purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.6 Listing Status

The Company is required under Rule 723 of the Listing Rules of the SGX-ST to ensure that at least ten per cent (10%) of its Shares are in the hands of the public. The "public", as defined under the Listing Rules of the SGX-ST, are persons other than (a) the directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company and its subsidiaries, and (b) the associates of such persons named in (a).

As at the Latest Practicable Date, there are 168,246,781 Shares in the hands of the public, representing 48.2 per cent (48.2%) of the issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent (10%) limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 133,329,094 Shares, representing 42.4 per cent (42.4%) of the remaining issued Shares of the Company (on the assumption that the purchased Shares are cancelled and not held as treasury shares).

In undertaking any purchases of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the share purchase(s) will not:

- (i) affect the listing status of the Shares on the SGX-ST;
- (ii) cause market illiquidity; or
- (iii) affect the orderly trading of the Shares.

2.7 Implications under the Take-overs Code

2.7.1 Obligation to make a Take-over Offer

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-overs Code ("Rule 14"). Consequently, depending on the number of Shares purchased by the Company and the total number of Shares issued by the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.

2.7.2 Persons Acting in Concert

Under the Take-overs Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will be presumed to be acting in concert, namely (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with one another. For this purpose, ownership or control of at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a general offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-overs Code.

2.7.3 Effect of Rule 14 and Appendix 2 of the Take-overs Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months.

Under Appendix 2 of the Take-overs Code, a Shareholder and persons acting in concert with him will incur an obligation to make a take-over offer after a share purchase if, *inter alia*, their voting rights increase to thirty per cent (30%) or more as a result of share purchases by the Company and they acquire any ordinary shares between the date of the notice of resolution to authorise the Share Purchase Mandate and the date the next AGM of the Company is held or is required to be held, or, if they already hold between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights and as a result of a share purchase by the Company their voting rights increase by more than 1 per cent (1%) in any period of 6 months and they acquire ordinary shares between the date of the notice of resolution to authorise the Share Purchase Mandate and the date the next AGM of the Company is held or is required to be held.

Under Appendix 2 of the Take-overs Code, a Shareholder not acting in concert with the Directors will not be required to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent (30%) or more, or if such Shareholder holds between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Proposed Renewal of Share Purchase Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.

2.7.4 Exemption from the requirement to make an offer under Rule 14

As at the Latest Practicable Date,

- (a) Mr. Chua Kim Hua is the registered owner of 44,113,319 Shares, amounting to 12.63% of the entire paid-up and issued ordinary shareholding of the Company;
- (b) Ms. Chua Eng Eng is the registered owner of 36,576,906 Shares amounting to 10.48% of the entire paid-up and issued ordinary shareholding of the Company; and
- (c) Mr. Chua Hai Kuey is the registered owner of 22,247,676 Shares amounting to 6.37% of the entire paid-up and issued ordinary shareholding of the Company.

Mr. Chua Kim Hua is the father of Ms. Chua Eng Eng and the brother of Mr. Chua Hai Kuey. Under the Take-overs Code, Mr. Chua Kim Hua, Ms. Chua Eng Eng and Mr. Chua Hai Kuey (collectively, the "Concert Parties") are presumed to be acting in concert with one another. The Concert Parties collectively hold 102,937,901 Shares amounting to 29.48% of the entire paid-up and issued ordinary shareholding of the Company.

Other than the Concert Parties, there is only one (1) other substantial shareholder in the Company, being Mui Hia Holding Limited who is the registered owner of 76,875,000 Shares, amounting to 22.02% of the entire paid-up and issued ordinary shareholding of the Company. Both Mui Hia Holding Limited and Ms. Ganoktip Siriviriyakul are not related to any of the Concert Parties.

In the event that the Company should, pursuant to the Share Purchase Mandate, purchase or acquire up to 10% of its issued Shares, the Concert Parties' interest in the issued Shares could increase to 30% or more. Under the Take-overs Code, the Concert Parties would as a result incur a mandatory take-over obligation for the issued Shares.

Pursuant to Appendix 2 of the Take-overs Code, the Concert Parties and their concert parties will be exempted from making a general offer for the Company if the Concert Parties' percentage interest in the Company increases to 30% or more solely as a result of the Company purchasing or acquiring its Shares under the Share Purchase Mandate, subject to the following conditions:

- (a) this Circular on the resolution to approve the adoption of the Share Purchase Mandate contains advice to the effect that by voting for the adoption of the Share Purchase Mandate, Shareholders are waiving their rights to a general offer at the required price from the Concert Parties and parties acting in concert with them who as a result of a share purchase or acquisition by the Company under the Share Purchase Mandate would increase their voting rights to 30% or more; and the names of the Concert Parties and parties acting in concert with them and their voting rights at the time of the resolution and after the purchase or acquisition by the Company under the Share Purchase Mandate are disclosed in the same Circular;
- (b) the resolution to approve the adoption of the Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share purchase or acquisition by the Company under the Share Purchase Mandate;
- (c) the Concert Parties and parties acting in concert with them abstain from voting and/or recommending Shareholders to vote in favour of the resolution to approve the adoption of the Share Purchase Mandate; and
- (d) Within 7 days after the passing of the resolution to authorise a buy-back, each of the director to submit to the SIC a duly signed form as prescribed by the SIC.
- (e) the Concert Parties and parties acting in concert with them have not acquired and will not acquire any Shares between the date on which they know that the announcement of the share purchase or acquisition by the Company under the Share Purchase Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the Share Purchase Mandate expires; and
 - (ii) the date on which the Company announces that it has bought back such number of Shares as authorised by the Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be, if such acquisitions, taken together with those purchased or acquired by the Company under the Share Purchase Mandate, would cause their aggregate voting rights to increase to 30% or more.

2.7.5 Advice to Shareholders

Shareholders are advised that by voting in favour of the Ordinary Resolution relating to the adoption of the Share Purchase Mandate, they will be waiving their rights to a general offer at the required price from the Concert Parties (and their concert parties) who, as a result of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, would increase their collective interest in the Shares to 30% or more.

2.7.6 Voting Rights of Concert Parties

Assuming that there is no change in the interest of the Concert Parties in Shares between the Latest Practicable Date and the date of the AGM, the aggregate interest, both direct and deemed in Shares of the Concert Parties as at the date of the AGM and after the purchase by the Company of 10% of the issued Shares pursuant to the Share Purchase Mandate are as follows:

Concert Parties	Before Share Purchase (as at date of AGM)		After Share Purchase	
	No. of Shares	% of total issued Shares ⁽¹⁾	No. of Shares	% of total issued Shares ⁽²⁾
Chua Kim Hua	44,113,319	12.63%	44,113,319	14.04%
Chua Eng Eng	36,576,906	10.48%	36,576,906	11.64%
Chua Hai Kuey	22,247,676	6.37%	22,247,676	7.08%

Notes:

⁽¹⁾ Based on 349,176,870 issued Shares as at the Latest Practicable Date;

⁽²⁾ Based on 314,259,183 issued Shares, being the 349,176,870 Shares referred to in note (1) above, after repurchase of 34,917,687 Shares.

2.8 No Share Purchase in the previous 12 months

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 Directors' and Substantial Shareholders' Interests

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders are as follows:

	Number of Shares			% of Issues Shares ⁽¹⁾
	Direct Interest	Deemed Interest	Total Interest	
Directors and Substantial Shareholders				
Chua Kim Hua	44,113,319	-	44,113,319	12.63%
Chua Eng Eng	36,576,906	-	36,576,906	10.48%
Chua Hai Kuey	22,247,676	-	22,247,676	6.37%
Substantial Shareholders				
Mui Hia Holding Limited	76,875,000	-	76,875,000	22.02%
Ganoktip Siriviriyakul	-	76,875,000	76,875,000	22.02%

Note:

⁽¹⁾ The percentage of issued ordinary shares is calculated based on the number of issued shares as at the Latest Practicable Date, excluding any ordinary shares held in treasury as at that date.

3.2 Interest in Share Purchase Mandate

Saved as disclosed in this Circular, none of the Directors or Substantial Shareholders has any interest in the Share Purchase Mandate.

4. DIRECTORS' RECOMMENDATIONS

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by the Companies Act, the Constitution and the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

The Directors, having considered the rationale and benefit the Proposed Renewal of Share Purchase Mandate as set out in this Circular, the Directors (other than Mr. Chua Kim Hua, Ms. Chua Eng Eng and Mr. Chua Hai Kuey) believe that the Share Purchase Mandate is in the interest of the Company and recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Share Purchase Mandate (Resolution 7).

The Share Buy-Back Guidance Note 3(a)(iii) in the Take-overs Code, states that "directors and/or persons acting in concert with them to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the share buy-back"

Mr. Chua Kim Hua, Ms. Chua Eng Eng and Mr. Chua Hai Kuey have abstained from making any recommendation for Shareholders to vote in favour of the Ordinary Resolution relating to the Share Purchase Mandate (Resolution 7) and will abstain from voting their Shares (if any) on the Ordinary Resolution. They will also not accept any appointment as proxies or otherwise for voting on the Ordinary Resolution unless specific instructions have been given in the Proxy Form(s) on how the votes are to be cast in respect of the Ordinary Resolution. Mr. Chua Kim Hua, Ms. Chua Eng Eng and Mr. Chua Hai Kuey and their concert parties will abstain from voting in respect of their holdings of Shares (if any) on the Ordinary Resolution.

Shareholders are advised to read this Circular in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his professional adviser.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Renewal of Share Purchase Mandate of the Company, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 8 Sungei Kadut Loop, Singapore 729455 during normal business hours from the date of this Circular up to the date of the AGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 March 2021.

Yours faithfully

Chua Kim Hua

(Executive Chairman)

for and on behalf of the Board of Directors
of King Wan Corporation Limited