

CIRCULAR DATED 9 JULY 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your ordinary shares ("**Shares**") in the capital of King Wan Corporation Limited (the "**Company**") you should immediately forward this Circular, the Notice of Extraordinary General Meeting ("**EGM**") and the accompanying Proxy Form to the purchaser or transferee or to the stockbroker, bank or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee, subject to the distribution restriction set out in this Circular.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, subject to certain conditions. The Rights Shares will be admitted to the Official List of the SGX-ST and official quotation is expected to commence after their issuance and after all relevant conditions imposed by the SGX-ST are satisfied, all certificates for the Rights Shares have been issued and the notification letters from The Central Depository (Pte) Limited ("**CDP**") have been despatched

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Circular. The approval in-principle from the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.

This Circular is not for distribution, directly or indirectly, in or into the United States of America (the "**U.S.**") and is not an offer of securities for sale in the U.S. or in any other jurisdiction. The Rights and the Rights Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the U.S., and may not be offered, re-sold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, within the U.S. except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S. There will be no public offering of the Rights and the Rights Shares in the U.S.

The Circular shall not constitute an offer to sell or a solicitation of an offer to buy shares or other securities, including the Rights and the Rights Shares. This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the Rights and the Rights Shares or make an offer of the Rights and the Rights Shares and the Rights and the Rights Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction.

The distribution of this Circular and/or the sale or transfer of the Rights and the Rights Shares into jurisdictions other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the Meeting as proxy to vote on their behalf at the EGM.

Please refer to Section 10 of this Circular and the Notice of EGM dated 9 July 2021, which has also been uploaded on SGXNet at the URL <https://www2.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.kingwan.com> on the same day for further information, including the steps to be taken by Shareholders to participate at the EGM.



KING WAN CORPORATION LIMITED

(Company Registration No. 200001034R)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

- (1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 349,176,870 NEW SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.02 FOR EACH RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY EACH SHAREHOLDER OF THE COMPANY AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;**
- (2) THE PROPOSED WHITENASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A GENERAL OFFER FROM THE CHUA CONCERT GROUP FOR ALL OF THE SHARES OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CHUA CONCERT GROUP; AND**
- (3) THE POTENTIAL TRANSFER OF A CONTROLLING INTEREST IN THE COMPANY TO MR. CHUA KIM HUA AND MS. CHUA ENG ENG ARISING FROM THE ALLOTMENT AND ISSUE OF EXCESS RIGHTS SHARES TO MR. CHUA KIM HUA AND MS. CHUA ENG ENG.**

Independent Financial Adviser in relation to the Whitewash Resolution



PROVENANCE CAPITAL PTE. LTD.
(Company Registration No.: 200309056E)
(Incorporated in the Republic of Singapore)

Legal Advisers to the Company as to Singapore law

DREW & NAPIER LLC
(Company Registration Number: 200102509E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

- Last date and time to pre-register online to attend the EGM : 27 July 2021 at 10:30 a.m.
- Last date and time of lodgement of Proxy Form : 27 July 2021 at 10:30 a.m.
- Date and time of the EGM : 30 July 2021 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Company's annual general meeting to be held at 10:00 a.m. on the same day by electronic means)
- Place of the EGM : The EGM will be held by way of electronic means

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “Announcement”** : The announcement made by the Company on 31 March 2021 in relation to the Rights Issue
- “ARE”** : Application and acceptance form for the Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue
- “ARS”** : Application and acceptance form for Rights Shares to be issued to purchasers in respect of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
- “ATM”** : Automated teller machine
- “Audit Committee”** : The audit committee of the Company comprising of its Independent Directors, Mr. Goh Chee Wee, Ms. Siraarpa Siriviriyakul and Mr. Tang Siew Foo, David
- “Board”** : The board of Directors as at the date of this Circular
- “CDP”** : The Central Depository (Pte) Limited
- “Chua Concert Group”** : Mr. Chua Kim Hua, Ms. Chua Eng Eng and Mr. Chua Hai Kuey, and their concert parties, details of which are set out Section 2.8 of this Circular
- “Circular”** : This circular to Shareholders dated 9 July 2021
- “Closing Date”** : The time and date to be determined by the Directors, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue
- “Code”** : The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
- “Company”** : King Wan Corporation Limited
- “Controlling Interest”** : The interest of a controlling shareholder
- “Controlling Shareholder”** : A shareholder who:
- (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury Shares in the company; or
 - (b) in fact exercises control over the company.
- “CPF”** : Central Provident Fund
- “CPF Approved Bank”** : Any bank appointed by the CPF Board to be an agent bank for the purposes of the CPF Regulations

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“CPF Board”	:	The board of the CPF established pursuant to the Central Provident Fund Act, Chapter 36 of Singapore, as the same may be amended, modified or supplemented from time to time
“CPF Funds”	:	The CPF ordinary account savings of CPF members under the CPFIS
“CPF Investment Account”	:	An account opened by a member of CPF with a CPF Approved Bank from which money may be withdrawn for, among others, payment for the Rights Shares pursuant to the Rights Issue
“CPF Investors”	:	Shareholders who have previously subscribed for or purchased Shares under the CPFIS using their CPF Funds
“CPF Regulations”	:	The Central Provident Fund (Investment Schemes) Regulations, as the same may be modified, amended or supplemented from time to time
“CPFIS”	:	Central Provident Fund Investment Scheme
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be convened on 30 July 2021, notice of which is set out on pages N-1 to N-7 of this Circular
“Electronic Application”	:	Acceptance of the Rights Shares and (if applicable) application for Excess Rights Shares made through an ATM of a participating bank in accordance with the terms and conditions of the Offer Information Statement
“Entitled Depositors”	:	Shareholders with Shares entered against their names in the Depository Register, maintained by CDP, as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided CDP, with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	:	Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“Excess Rights Shares”	:	The additional Rights Shares which Entitled Shareholders may subscribe for in excess of their provisional allotments under the Rights Issue
“Existing Issued Share Capital”	:	The existing issued and paid-up share capital of the Company comprising 349,176,870 Shares as at the Latest Practicable Date
“Foreign Purchasers”	:	Persons purchasing the Rights through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore
“Foreign Shareholders”	:	Shareholders or Depositors with registered addresses outside Singapore as at the Record Date and who had not, at least three (3) Market Days prior to the Record Date, provided to the Share Registrar

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	or CDP, as the case may be, addresses in Singapore for the service of notices and documents
“FY”	: Financial year ended or, as the case may be, ending 31 March
“Group”	: The Company and its subsidiaries
“IFA”	: Provenance Capital Pte. Ltd., the independent financial adviser appointed to advise the Independent Directors in relation to the Whitewash Resolution
“IFA Letter”	: The letter dated 9 July 2021 from the IFA to the Independent Directors in relation to the Whitewash Resolution as set out in Appendix A to this Circular
“Independent Directors”	: The Directors who are considered independent for the purpose of making the recommendation to the Independent Shareholders in relation to the Whitewash Resolution, being all the Directors other than the Interested Directors, comprising Mr. Goh Chee Wee, Ms. Siraarpa Siriviriyakul, Mr. Tang Siew Foo, David and Dr. Teo Ho Pin
“Independent Shareholders”	: Shareholders who are deemed to be independent for the purpose of the Whitewash Resolution, being Shareholders other than the Chua Concert Group and parties not independent of them
“Indicative Proportions”	: The indicative proportions in which the Undertaking Shareholders intend to, collectively, subscribe for up to 145,000,000 Excess Rights Shares, if available
“Interested Directors”	: Mr. Chua Kim Hua, Ms. Chua Eng Eng and Mr. Chua Hai Kuey
“Irrevocable Undertakings”	: The deed of irrevocable undertaking dated 30 March 2021 provided by the Undertaking Shareholders to the Company, pursuant to which the Undertaking Shareholders have agreed to subscribe and pay in full for their pro-rata entitlement of the Rights Shares in connection with the Rights Issue
“Issue Price”	: S\$0.02 for each Rights Share
“Latest Practicable Date”	: 6 July 2021, being the latest practicable date prior to the despatch of this Circular
“Listing Manual”	: The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
“LPS”	: Losses per Share
“Mandatory Offer”	: A mandatory general offer under Rule 14.1 of the Code
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“MAS”	: The Monetary Authority of Singapore
“Maximum Subscription Scenario”	: For illustrative purposes as set out in Section 2.3 of this Circular, the scenario under which the maximum number of Rights Shares will be issued assuming that all the Entitled Shareholders subscribe and pay for their pro-rata entitlements of Rights Shares, and under which scenario the Company will issue 349,176,870 Rights Shares and the

DEFINITIONS

	resultant enlarged issued and paid-up share capital of the Company will be 698,353,740 Shares
“Minimum Subscription Scenario”	: For illustrative purposes as set out in Section 2.3 of this Circular, the scenario under which the minimum number of Rights Shares will be issued, assuming (i) the Undertaking Shareholders subscribe for their entitlement of Rights Shares pursuant to the Irrevocable Undertakings; (ii) none of the other Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares; and (iii) the Undertaking Shareholders do not subscribe for any Excess Rights Shares, and under which scenario the Company will issue 102,937,901 Rights Shares and the resultant enlarged issued and paid-up share capital of the Company will be 452,114,771 Shares
“Net Proceeds”	: Net Proceeds of the Rights Issue
“NTA”	: Net tangible assets
“Offer Information Statement”	: The offer information statement, together with (where the context requires) the PAL, ARE and the ARS and all other accompanying documents to be issued by the Company in connection with the Rights Issue
“Other Chua Concert Group Members”	: The members of the Chua Concert Group (other than the Undertaking Shareholders and Chua Su Mai (Cai ShuMei))
“PAL”	: The provisional allotment letter issued to an Entitled Scripholder setting out the provisional allotments of Rights Shares of such Entitled Scripholder under the Rights Issue
“Potential Excess Subscription Scenario”	: For illustrative purposes as set out in Section 2.3 of this Circular, the scenario under which (i) the Undertaking Shareholders subscribe to their entitlement of Rights Shares pursuant to the Irrevocable Undertakings; (ii) the Other Chua Concert Group Members subscribe for their pro-rata entitlements of Rights Shares; (iii) none of the other Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares; and (iv) the Undertaking Shareholders collectively subscribe for 145,000,000 Excess Rights Shares, and under which scenario the Company will issue 249,005,089 Rights Shares and the resultant enlarged issued and paid-up share capital of the Company will be 598,181,959 Shares
“Potential Transfer of Controlling Interests”	: The potential transfer of controlling interests in the Company to each of Mr. Chua Kim Hua and Ms. Chua Eng Eng arising from the allotment and issue of Excess Rights Shares, details of which are set in Section 4 of this Circular
“Proposed Resolutions”	: The proposed resolutions comprising the Rights Issue, the Whitewash Resolution and the Potential Transfer of Controlling Interests, collectively
“Proxy Form”	: The proxy form in respect of the EGM as set out in this Circular
“Record Date”	: In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions

DEFINITIONS

“Register of Members”	:	Register of members of the Company
“Rights”	:	The “nil-paid” rights (evidenced by the provisional allotments of Rights Shares)
“Rights Issue”	:	The proposed renounceable non-underwritten rights issue of up to 349,176,870 new Shares in the capital of the Company at an Issue Price of S\$0.02 for each Rights Shares, on the basis of one (1) Rights Shares for every one (1) Shares in the capital of the Company held by each Shareholder as at the Record Date, fractional entitlements to be disregarded
“Rights Shares”	:	Up to 349,176,870 new Shares to be issued and allotted by the Company pursuant to the Rights Issue
“Securities Account”	:	The securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
“SGXNet”	:	The SGXNet corporate announcement system
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	M & C Services Private Limited
“Shareholders”	:	The registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to those Shares, mean the Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“SIC Conditions”	:	Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in Section 3.3 of this Circular
“SRS”	:	The Supplementary Retirement Scheme constituted under the Income Tax (Supplementary Retirement Scheme) Regulations 2003
“SRS Approved Banks”	:	Approved banks in which SRS Investors hold their respective SRS accounts
“SRS Funds”	:	Monies standing to the credit of the respective SRS accounts of SRS Investors under the SRS
“SRS Investors”	:	Shareholders who have previously subscribed for or purchased Shares under the SRS using their SRS Funds
“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
“Undertaking Shareholders”	:	Mr. Chua Kim Hua, Ms. Chua Eng Eng and Mr. Chua Hai Kuey

DEFINITIONS

- “Unit Market Share”** : The unit share market of the SGX-ST
- “Whitewash Resolution”** : The proposed whitewash resolution for the waiver by the Independent Shareholders of their rights to receive a general offer from the Chua Concert Group for all the issued Shares in the capital of the Company not already owned or controlled by the Chua Concert Group, as a result of (i) the Undertaking Shareholders’ subscribing for their pro-rata entitlement of Rights Shares under the Irrevocable Undertakings and subscribing for up to 145,000,000 Excess Rights Shares, if available; and (ii) the Other Chua Concert Group Members subscribing for up to their pro-rata entitlement of Rights Shares, details of which are set out in Section 3 of this Circular
- “Whitewash Waiver”** : The waiver granted by the SIC on 3 June 2021 and updated on 18 June 2021 in respect of the obligations of the Chua Concert Group to make a general offer under Rule 14 of the Code arising from (i) the Undertaking Shareholders subscribing for their pro-rata entitlement of Rights Shares under the Irrevocable Undertakings and subscribing for up to 145,000,000 Excess Rights Shares, if available; and (ii) the Other Chua Concert Group Members subscribing for up to their pro-rata entitlement of Rights Shares

Currencies and Units

“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 **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term **“concert parties”** and **“parties acting in concert”** shall have the meaning ascribed to them in the Code.

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

Any discrepancies in the tables in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which 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

(Company Registration No. 200001034R)
(Incorporated in the Republic of Singapore)

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

9 July 2021

To: Shareholders of King Wan Corporation Limited

Dear Sir/Madam,

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 349,176,870 NEW SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.02 FOR EACH RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY EACH SHAREHOLDER OF THE COMPANY AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A GENERAL OFFER FROM THE CHUA CONCERT GROUP FOR ALL OF THE SHARES OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CHUA CONCERT GROUP; AND**
- (3) **THE POTENTIAL TRANSFER OF A CONTROLLING INTEREST IN THE COMPANY TO MR. CHUA KIM HUA AND MS. CHUA ENG ENG ARISING FROM THE ALLOTMENT AND ISSUE OF EXCESS RIGHTS SHARES TO MR. CHUA KIM HUA AND MS. CHUA ENG ENG.**

1. INTRODUCTION

1.1 EGM

The Directors propose to convene the EGM to seek Shareholders' approval for the following:

- (a) the Rights Issue ("**Ordinary Resolution 1**");
 - (b) the Whitewash Resolution ("**Ordinary Resolution 2**"); and
 - (c) the Potential Transfer of Controlling Interests ("**Ordinary Resolution 3**"),
- (collectively, the "**Proposed Resolutions**").

1.2 Inter-conditionality

Shareholders should note that Ordinary Resolution 1 in respect of the Rights Issue, Ordinary Resolution 2 in respect of the Whitewash Resolution and Ordinary Resolution 3 in respect of the Potential Transfer of Controlling Interest are inter-conditional. **This means that if any of**

the Proposed Resolutions are not passed, the Company will not proceed with the Rights Issue.

The Proposed Resolutions are made inter-conditional as the Rights Issue is non-underwritten. Accordingly, the success of the Rights Issue is dependent on the participation of the Undertaking Shareholders in the Rights Issue pursuant to the Irrevocable Undertakings and, further so on the potential subscription by the Undertaking Shareholders of Excess Rights Shares pursuant to the Indicative Proportions.

Additionally, in relation to Ordinary Resolution 2:

- (i) notwithstanding that there is no minimum amount required to be raised by the Rights Issue, the Undertaking Shareholders have provided the Irrevocable Undertakings, which are conditional upon, among others, the Whitewash Resolution being approved by Independent Shareholders at the EGM. Please refer to Section 2.8 of this Circular for more details on the Irrevocable Undertakings. In the event that the Whitewash Resolution is not approved, the Undertaking Shareholders will not be obliged to fulfil their obligations under the Irrevocable Undertakings. This will not be in the interests of the Company (notwithstanding that there is no minimum amount required to be raised by the Rights Issue) given that (i) the Rights Issue is not underwritten; and (ii) the Company has not received any other irrevocable undertakings to participate in the Rights Issue from other Shareholders, as the Company will have incurred costs in connection with the Rights Issue; and
- (ii) as disclosed in Section 3 of this Circular, it is possible that the fulfilment by the Undertaking Shareholders of their obligations under the Irrevocable Undertakings may result in the aggregate interest of the Chua Concert Group to, upon completion of the Rights Issue, cross the mandatory offer threshold of 30.00% as set out in Rule 14.1 of the Code. In this regard, the Company further notes that as the current aggregate interest of the Chua Concert Group is 29.80%, there remains a risk that the Chua Concert Group may cross the mandatory offer threshold of 30.00% if any member(s) of the Chua Concert Group participates in the Rights Issue. However, as there is no intention to trigger a Mandatory Offer arising from the Rights Issue, an application was made to the SIC for the Whitewash Waiver, and the approval of the Whitewash Resolution is a condition imposed by the SIC for the purposes of the Company obtaining a Whitewash Waiver. Please refer to Section 3 of this Circular for more details on the Whitewash Resolution and Whitewash Waiver. Accordingly, the Rights Issue is inter-conditional upon the Whitewash Resolution being approved by Shareholders.

Similarly, in relation to Ordinary Resolution 3, while there is no intention for the Rights Issue to facilitate a transfer of controlling interests, the fulfilment by Mr Chua Kim Hua and Ms Chua Eng Eng of their obligations under the Irrevocable Undertakings and their subscription of Excess Rights Shares pursuant to the Indicative Proportions may result in an inadvertent transfer of a controlling interest to each of them. Please refer to Section 5 of the Circular for an illustration of the potential change in shareholding interests of each of Mr Chua Kim Hua and Ms Chua Eng Eng in connection with the Rights Issue. Accordingly, the Rights Issue is also inter-conditional upon the Potential Transfer of Controlling Interests being approved by shareholders.

1.3 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Proposed Resolutions to be tabled at the EGM, the notice of which is set out on pages N-1 to N-7 of this Circular.

2. THE RIGHTS ISSUE

2.1 Introduction

The Company announced the Rights Issue on 31 March 2021. In the announcement, it was stated that the Company will be seeking approval from the Shareholders for, among others, the allotment and issue of the Rights Shares at the EGM.

In connection with the Rights Issue, the Undertaking Shareholders executed and entered into the Irrevocable Undertakings in favour of the Company, pursuant to which the Undertaking Shareholders have agreed to subscribe and pay in full for their pro-rata entitlement of Rights Shares, further details of which are set out in Section 2.8 of this Circular.

As announced by the Company on 20 April 2021, the Undertaking Shareholders have further indicated to the Company their intentions to subscribe for up to 145,000,000 Excess Rights Shares in the Indicative Proportions, further details of which are set out in Section 3.2 of this Circular.

As announced by the Company on 21 June 2021, the Other Chua Concert Group Members have also indicated to the Company that they intend to subscribe for up to their pro-rata entitlements of Rights Shares.

In view of the Irrevocable Undertakings and taking into consideration the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors have decided that it is not necessary for the Rights Issue to be underwritten by a financial institution. The Rights Issue will not be withdrawn after commencement of ex-rights trading pursuant to Rule 820(1) of the Listing Manual.

2.2 Basis of the Rights Issue

The Rights Issue is proposed to be offered on a renounceable and non-underwritten basis by the Company. Pursuant thereto, the Company will issue up to 349,176,870 Rights Shares in the capital of the Company at an issue price of S\$0.02 for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.

The Rights Shares will be payable in full upon acceptance and/or application by Entitled Shareholders. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares (as the case may be).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses. Please see Section 2.7 of this Circular for further information on eligibility to participate in the Rights Issue.

Entitled Shareholders will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Record Date. Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or (in the case of Entitled Depositors only), trade their provisional allotments of the Rights Shares on the Official List of the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for Excess Rights Shares in excess of their provisional allotments under the Rights Issue.

In the allotment of Excess Rights Shares, preference will be given to the Entitled Shareholders for the rounding of odd lots, whereas Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have a representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares. The

Company will not make any allotment and issuance of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

2.3 Size of the Rights Issue

As at the Latest Practicable Date, the Company has an existing issued and paid-up share capital comprising 349,176,870 Shares and the Company does not have any outstanding warrants, convertible securities or treasury Shares.

For illustrative purposes only, based on the Existing Share Capital and:

- (a) assuming (i) the Undertaking Shareholders subscribe for their entitlement of Rights Shares pursuant to the Irrevocable Undertakings; (ii) none of the other Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares; and (iii) the Undertaking Shareholders do not subscribe for any Excess Rights Shares, the Company will issue 102,937,901 Rights Shares (“**Minimum Subscription Scenario**”) and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Subscription Scenario will be 452,114,771 Shares;
- (b) assuming all the Entitled Shareholders subscribe and pay for their pro-rata entitlements of Rights Shares, the Company will issue 349,176,870 Rights Shares (“**Maximum Subscription Scenario**”) and the resultant enlarged issued and paid-up share capital of the Company in the Maximum Subscription Scenario will be 698,353,740 Shares; and
- (c) assuming (i) the Undertaking Shareholders subscribe for their entitlement of Rights Shares pursuant to the Irrevocable Undertakings; (ii) the Other Chua Concert Group Members subscribe for their pro-rata entitlements of Rights Shares; (iii) none of the other Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares; and (iv) the Undertaking Shareholders collectively subscribe for 145,000,000 Excess Rights Shares, the Company will issue 249,005,089 Rights Shares (“**Potential Excess Subscription Scenario**”) and the resultant enlarged issued and paid-up share capital of the Company in the Potential Excess Subscription Scenario will be 598,181,959 Shares.

2.4 Principal terms of the Rights Shares

The principal terms of the Rights Shares are as set out below:

- | | | |
|---|---|--|
| Basis of provisional allotment | : | One (1) Rights Share for every one (1) Share held by each Shareholder as at the Record Date, fractional entitlements to be disregarded. |
| Number of Rights Shares to be issued | : | For illustrative purposes only, based on the Existing Share Capital, the Company will issue: <ul style="list-style-type: none">(a) up to 102,937,901 Rights Shares in the Minimum Subscription Scenario;(b) up to 349,176,870 Rights Shares in the Maximum Subscription Scenario; and(c) up to 249,005,089 Rights Shares in the Potential Excess Subscription Scenario |
| Issue Price | : | The Issue Price of S\$0.02 per Rights Share represents a discount ⁽¹⁾ of (a) approximately 52.4% to the last transaction price of S\$0.042 per Share on the Mainboard of the SGX-ST |

on 30 March 2021, being the last full trading day of the Shares immediately preceding the Announcement; and (b) approximately 35.5% to the theoretical ex-rights price⁽²⁾ of approximately S\$0.031 per Share.

Notes:

- (1) The Issue Price and discount have been determined after taking into account the size of the Rights Issue, precedent transactions, and the Company's share price performance and volume in the past 12 months. As the Rights Issue is intended to raise funds to strengthen the financial position and capital base of the Group and to also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares, the Rights Issue (which is non-underwritten) has been priced attractively to encourage the participation by Entitled Shareholders.
- (2) The theoretical ex-rights price is the theoretical market price of each Share assuming the maximum 349,176,870 Rights Shares are issued pursuant to the Rights Issue, and is computed based on the last transacted price of S\$0.042 per Share on the Mainboard of the SGX-ST on 30 March 2021, being the last full trading day of the Shares immediately preceding the Announcement.

Estimated Net Proceeds	:	The estimated net proceeds arising from the Rights Issue, after deducting estimated expenses of approximately S\$0.23 million, are expected to be approximately S\$1.83 million in the Minimum Subscription Scenario, approximately S\$6.75 million in the Maximum Subscription Scenario and approximately S\$4.75 million in the Potential Excess Subscription Scenario
Use of Proceeds	:	The net proceeds from the Rights Issue will be for the expansion and growth of existing business and/or financing of potential strategic joint ventures, and for the general working capital needs of the Group. Please see Section 2.9 of this Circular.
Purpose of Issue	:	The Company is undertaking the Rights Issue to strengthen the Company's balance sheet. A stronger financial position will also allow the Group to be less reliant on external sources of funding, thereby potentially incurring fewer expenses related to external funding, for general corporate activities including funding the growth and expansion (as and when opportunities arise) of the Group's existing business and/ or financing of potential strategic joint ventures. In addition, the Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.
Eligibility to participate in the Rights Issue	:	Please see Section 2.7 of this Circular

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- Status of Rights Shares** : The Rights Shares will be payable in full upon acceptance and/or application by Entitled Shareholders. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares (as the case may be).
- Listing of Rights Shares** : In-principle approval for the listing of and quotation for up to 349,176,870 Rights Shares on the Mainboard of the SGX-ST has been granted by the SGX-ST on 28 May 2021 subject to certain conditions, the details of which are set out in Section 2.5 of this Circular.
- The in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.
- Trading of Rights Shares** : Upon the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, the Rights Shares will be traded on the Mainboard of the SGX-ST under the book-entry (scripless) settlement system.
- For the purposes of trading on the Mainboard of the SGX-ST, each board lot of Shares will comprise 100 Shares. Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) are able to trade odd lots of Shares in board lots of one Share on the Unit Share Market. Shareholders who hold odd lots of Shares may have difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Shares.
- Option to scale down** : Depending on the level of subscription for the Rights Shares, the Company will, if necessary, and subject to the approval of the SGX-ST, scale down a Shareholder's application to subscribe for the Rights Shares to avoid placing the relevant Shareholder and parties acting in concert with it in the position of incurring a mandatory bid obligation under the Code (as defined below) as a result of other Shareholders not taking up their Rights Shares entitlements fully. For the avoidance of doubt, the option to scale down shall not apply to the applications by the Undertaking Shareholders (as defined below) to subscribe for the Rights Shares pursuant to the Irrevocable Undertakings, as the Rights Issue is conditional upon the Whitewash Resolution being approved, further details of which are set out in Section 3 of this Circular. As the Whitewash Resolution is subject to approval by the Independent Shareholders, the Audit Committee is of the opinion that it is not prejudicial to the interests of the minority Shareholders and accordingly, such an approach is fair and equitable.
- Use of CPF Funds** : CPF Investors may use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts for the payment of the aggregate Issue Price to subscribe for the Rights Shares and (if applicable) apply for the Excess Rights Shares.

Such CPF Investors who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for the Excess Rights Shares using CPF Funds will need to instruct their respective CPF Approved Banks, with which they hold their CPF Investment Accounts, to accept the provisional allotment of Rights Shares and (if applicable) apply for the Excess Rights Shares on their behalf in accordance with the terms and conditions of the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of nil-paid Rights Shares directly from the market.

Use of SRS Funds : SRS Investors who wish to accept their provisional allotments of Rights Shares and apply for Excess Rights Shares (if applicable) can only do so, subject to applicable SRS rules and regulations as well as terms and conditions that may be imposed by the respective SRS Approved Banks, using monies standing to the credit of their respective SRS accounts.

Such SRS investors who wish to accept their provisional allotments of Rights Shares and apply for Excess Rights Shares (if applicable) using SRS monies, must instruct the respective SRS Approved Banks in which they hold their SRS accounts, to accept their provisional allotments of Rights Shares and apply for Excess Rights Shares (if applicable) on their behalf. For avoidance of doubt, SRS Funds may not be used for the purchase of the provisional allotments of Rights Shares directly from the market. Notwithstanding the foregoing, SRS Investors should consult their respective SRS Approved Banks for information and directions as to the use of monies.

Fractional entitlements : Fractional entitlements to the Rights Shares, will be disregarded in arriving at the Entitled Shareholders' entitlement and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications for the Rights Shares, or to be disposed of, or otherwise dealt with in such manner as the Directors may in their absolute discretion as deemed fit in the interests of the Company.

Governing law : Laws of the Republic of Singapore

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue including procedures, acceptances and renunciations of applications for the Rights Shares will be contained in the Offer Information Statement to be lodged with the MAS and to be despatched by the Company to Entitled Shareholders in due course, subject to the Proposed Resolutions being approved by Shareholders at the EGM.

2.5 Conditions for the Rights Issue

Shareholders should note that the Rights Issue is subject to, among others, the following conditions:

- (i) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST and if such approval is granted subject to conditions, such conditions being acceptable to the Company, and such approval not having been withdrawn or revoked on or prior to the date of completion of the Rights Issue;

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- (ii) the SIC having granted the Whitewash Waiver and such waiver not having been withdrawn or revoked up to the date of completion of the Rights Issue;
- (iii) the Rights Issue and the issue of the Rights Shares being approved by Shareholders at the EGM;
- (iv) the Potential Transfer of Controlling Interest being approved by the Independent Shareholders at the EGM;
- (v) the Whitewash Resolution being approved by the Independent Shareholders at the EGM;
- (vi) the lodgement of the Offer Information Statement with the MAS; and
- (vii) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue being obtained and not having been revoked or amended before the date of completion of the Rights Issue.

On 28 May 2021, the Company received the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Right Shares on the Mainboard of the SGX-ST, subject to the following:

- (a) compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval for the Rights Issue to be obtained at the EGM;
- (c) submission of a written undertaking from the Company that it will comply with Rules 704(30), 877(8) and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (d) submission of a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regards to the allotment of any Excess Rights Shares; and
- (e) submission of a written confirmation from the financial institution as required under Rule 877(9) of the Listing Manual that the Undertaking Shareholders who have given the Irrevocable Undertakings have sufficient financial resources to fulfil their obligations under the Irrevocable Undertakings.

The Company has provided the written undertakings and confirmations referred to in subparagraphs (c), (d) and (e) above to the SGX-ST. The approval-in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Circular.

On 3 June 2021 (and as updated by the SIC on 18 June 2021), the SIC granted the Whitewash Waiver subject to the satisfaction of certain conditions which are set out in Section 3.3 of this Circular.

2.6 Notification under Section 309B of the Securities and Futures Act

The provisional allotments of Rights Shares and the Rights Shares are prescribed capital market products (as defined in the Securities and Futures (Capital Markets Products)

Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

2.7 Eligibility of Shareholders to participate in the Rights Issue

(a) Entitled Shareholders

Entitled Shareholders will be eligible to participate in the Rights Issue and to receive the Offer Information Statement together with the ARE or the PAL, as the case may be, and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the ARE may obtain them from CDP during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Record Date. They are at liberty to accept (in full or in part), or decline or otherwise renounce or, in the case of Entitled Depositors only, trade their provisional allotments of the Rights Shares on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST), and are eligible to apply for Excess Rights Shares in excess of their provisional allotments under the Rights Issue.

All fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with the entitlements not allotted or taken up for any reason, be aggregated and issued to satisfy applications, if any, for Excess Rights Shares, or dealt with in such manner as the Directors in their absolute discretion deem fit. In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots and the Directors and the substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and the allotment of Excess Rights Shares.

All dealings in and transactions of the Rights through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs for the Rights Issue which are issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

The procedures for, and the terms and conditions applicable to, acceptances, splitting and/or renunciation of the Rights Shares and sales of the Rights and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement to be despatched by the Company to the Entitled Shareholders in due course.

Entitled Shareholders with registered addresses outside Singapore who wish to participate in the Rights Issue should provide CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents, at least three (3) Market Days prior to the Record Date.

(i) Entitled Depositors

Entitled Depositors should note that all notices and documents will be sent to their last registered Singapore addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 11 North Buona Vista Drive, #06-07 The

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Metropolis Tower 2, Singapore 139589, at least three (3) Market Days before the Record Date.

Entitled Depositors who do not receive the ARE may obtain it from CDP or the Share Registrar during the period up to the Closing Date.

(ii) Entitled Scripholders

Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are reminded that any request to the Share Registrar to update their records or effect any change in the address must reach M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, at least three (3) Market Days before the Book Closure Date.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit such share certificates with CDP prior to the Record Date so that their Securities Accounts may be credited by CDP with their Shares and the Rights. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Entitled Scripholders who do not receive the PAL may obtain them from the Share Registrar during the period up to the Closing Date.

(b) Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Rights Issue have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and the accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three (3) Market Days prior thereto, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**").

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside Singapore wishing to take up their provisional allotment of Rights Shares and (if applicable) apply for Excess Rights Shares under the Rights Issue to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this section are intended as a general guide only and any Foreign Shareholder who is in doubt as to his position should consult his professional advisers without delay.

The Offer Information Statement, PALs and AREs will not be sent to, and Rights will not be credited to Securities Accounts of, Shareholders with registered addresses in the United States or other jurisdictions outside Singapore or to their agent or intermediary outside Singapore, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Circular, the Offer Information Statement, a PAL, ARE or ARS and/or a credit of Rights or Rights Shares to a Securities Account in any territory other than Singapore may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such PAL, ARE or ARS and/or accept any credit of Rights or Rights Shares to a Securities Account unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such PAL, ARE or ARS and/or credit of Rights or Rights Shares to a Securities Account could lawfully be used or accepted, and any transaction resulting from such use or acceptance could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Circular, the Offer Information Statement, the PAL, ARE or ARS must be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this Circular, the Offer Information Statement, and/or a PAL, ARE or ARS or whose Securities Account is credited with Rights or Rights Shares should not distribute or send the same or transfer Rights or Rights Shares in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Offer Information Statement, a PAL, ARE or ARS or a credit of Rights or Rights Shares is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the Rights or Rights Shares, renounce such PAL, ARE or ARS or transfer the Rights or the Rights Shares unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who forwards this Circular, the Offer Information Statement, or a PAL, ARE or ARS or transfers Rights or Rights Shares into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section as well as relevant sections of the Offer Information Statement.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty. The Company further reserves the right to reject any acceptances of the Rights Shares and (if applicable) applications for excess Rights Shares where it believes, or has reason to believe, that such acceptances and (if applicable) applications may violate the applicable legislation of any jurisdiction.

Foreign Shareholders will not be allowed to participate in the Rights Issue. Accordingly, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance or application for Rights Shares by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the Rights through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("Foreign Purchasers"). Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

For the avoidance of doubt, even if a Foreign Shareholder has provided a Singapore address as aforesaid, the offer of Rights and/or Rights Shares to him will be subject to compliance with applicable securities laws outside Singapore.

- (c) Treatment of Un-allotted Rights of Foreign Shareholders

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the rights to subscribe for the Rights Shares (“**Rights**”), which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the Mainboard of the SGX-ST as soon as practicable after commencement of trading in “nil-paid” Rights. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the expenses expected to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register maintained by CDP as at the Record Date and sent to them at their own risk by ordinary post, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, CDP, the CPF Board or the Share Registrar and their respective officers in connection therewith.

If such provisional allotments of Rights Shares cannot be or are not sold on the Mainboard as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be issued to satisfy excess applications or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, CDP, the CPF Board or the Share Registrar and their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders. However, the Company reserves the right to make similar arrangements for the Rights which would otherwise have been allotted to certain Entitled Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Rights commence, where the beneficial holders of such Rights are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Rights Issue.

Notwithstanding anything herein, Shareholders and any other person receiving the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirements in such territory.

2.8 Irrevocable Undertakings

As at the Latest Practicable Date, the Executive Directors of the Company, namely, Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey, and their concert parties (collectively, the “**Chua Concert Group**”) hold in aggregate 104,055,089 Shares, representing approximately 29.80%⁽¹⁾ of the existing issued share capital of the Company. Mr Chua Kim Hua is the father of Ms Chua Eng Eng and brother of Mr Chua Hai Kuey. The number of Shares and the percentage proportion in the issued Shares held by the members of the Chua Concert Group are as follows:

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	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Chua Kim Hua	44,113,319	12.63	-	-
Chua Eng Eng	36,576,906	10.48	-	-
Chua Hai Kuey	22,247,676	6.37	-	-
Chua Kon Seng ⁽²⁾	574,666	0.17	-	-
Chua Yean Cheng (Cai YingQing) ⁽³⁾	150,000	0.04	-	-
Chua Puay Woon ⁽⁴⁾	100,000	0.03	-	-
Chua ZhiHong ⁽⁵⁾	85,000	0.03	-	-
Chua Ling Kang ⁽⁶⁾	56,270	0.02	-	-
Chua Su Mai (Cai ShuMei) ⁽⁷⁾	50,000	0.01	-	-
Chua Yean Shien (Cai YingXian) ⁽⁸⁾	50,000	0.01	-	-
Chua Puay Nee (Cai Beini) ⁽⁹⁾	50,000	0.01	-	-
Chua Yan Peng ⁽¹⁰⁾	1,252	0.00	-	-
Total	104,055,089	29.80	-	-

Note:

- (1) Based on the Existing Issued Share Capital.
- (2) Chua Kon Seng is the brother of Chua Kim Hua and Chua Hai Kuey and uncle of Chua Eng Eng.
- (3) Chua Yean Cheng (Cai YingQing) is the daughter of Chua Kim Hua and sister of Chua Eng Eng.
- (4) Chua Puay Woon is the niece of Chua Kim Hua and Chua Hai Kuey and cousin of Chua Eng Eng.
- (5) Chua ZhiHong is the son of Chua Hai Kuey, nephew of Chua Kim Hua and cousin of Chua Eng Eng.
- (6) Chua Ling Kang is the nephew of Chua Kim Hua and Chua Hai Kuey and cousin of Chua Eng Eng.
- (7) Chua Su Mai (Cai ShuMei) is the daughter of Chua Kim Hua, sister of Chua Eng Eng and niece of Chua Hai Kuey.
- (8) Chua Yean Shien (Cai Ying Xian) is the daughter of Chua Kim Hua, sister of Chua Eng Eng and niece of Chua Hai Kuey.
- (9) Chua Puay Nee (Cai Beini) is the niece of Chua Kim Hua and Chua Hai Kuey and cousin of Chua Eng Eng.
- (10) Chua Yan Peng is the niece of Chua Kim Hua and Chua Hai Kuey and cousin of Chua Eng Eng.

As an indication of their support and commitment to the Company and the Rights Issue, the Undertaking Shareholders have entered into undertakings with the Company (“Irrevocable

Undertakings") pursuant to which each Undertaking Shareholder has, subject to certain conditions, irrevocably undertaken to the Company that, among others:

- (a) as at the Record Date, the direct interest of the relevant Undertaking Shareholder in the Shares will not be less than the direct interest of such Undertaking Shareholder in the Shares on the date of the respective Irrevocable Undertakings, and such Shares shall be held by the relevant Undertaking Shareholder free from any mortgages, liens, charges, pledges, options, debentures, assignments, title retention, security interest, encumbrances, claims and other equities or third party rights (including rights of pre-emption) of any nature whatsoever;
- (b) it will, not later than the last day for acceptance and payment of the Rights Shares and subject to the approval of the Independent Shareholders (as defined below) of the Whitewash Resolution (as defined below), subscribe for and pay in full for and/or procure the subscription of and payment in full for its pro-rata entitlement to the Rights Shares in relation to the Shares held by him as at the Record Date in compliance with the terms and conditions of the Rights Issue; and
- (c) it will vote and/or procure the voting of all its Shares in favour of the Rights Issue at the EGM (including an adjournment thereof) to approve, among others, the Rights Issue, the issue of the Rights Shares, and any other matter necessary or proposed to implement or assist the implementation of the Rights Issue.

The Irrevocable Undertakings are conditional upon, among others, the following:

- (i) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company, and such approval not having been withdrawn or revoked on or prior to the date of completion of the Rights Issue;
- (ii) the Whitewash Waiver being granted by the SIC;
- (iii) the Rights Issue and the allotment and issue of the Rights Shares being approved by Shareholders at the EGM;
- (iv) the Potential Transfer of Controlling Interests being approved by the Independent Shareholders at the EGM;
- (v) the Whitewash Resolution being approved by the Independent Shareholders at the EGM; and
- (vi) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in respect of the Rights Issue with the MAS.

The Undertaking Shareholders have additionally furnished a written confirmation from their financial institution that they have sufficient financial resources to fulfil their obligations under the Irrevocable Undertakings.

2.9 Rationale of the Rights Issue and Use of Proceeds

As disclosed in the Announcement, the Company has not undertaken any fund raising exercise in the past 12 months and is undertaking the Rights Issue to strengthen the financial position and capital base of the Group. In view of the current financial circumstances, the Company believes that the Rights Issue will strengthen the Company's balance sheet and a stronger financial position will also allow the Group to be less reliant on external sources of funding, thereby potentially incurring fewer expenses related to external funding, for general corporate activities including funding the growth and expansion (as and when opportunities arise) of the Group's existing business and/ or financing of potential strategic joint ventures.

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In addition, the Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

The estimated net proceeds arising from the Rights issue (“**Net Proceeds**”), after deducting estimated expenses of approximately S\$0.23 million, are expected to be approximately S\$1.83 million in the Minimum Subscription Scenario, approximately S\$6.75 million in the Maximum Subscription Scenario and approximately S\$4.75 million in the Potential Excess Subscription Scenario.

For illustrative purposes only, the table below sets out the proposed use of Net Proceeds by the Company based on the Minimum Subscription Scenario, Maximum Subscription Scenario and Potential Excess Subscription Scenario:

Purpose	Minimum Subscription Scenario		Maximum Subscription Scenario		Potential Excess Subscription Scenario	
	% of Net Proceeds	S\$ (million)	% of Net Proceeds	S\$ (million)	% of Net Proceeds	S\$ (million)
1) Expansion and growth of existing business and/or financing of potential strategic joint ventures	55	1.01	55	3.71	55	2.61
2) General working capital	45	0.82	45	3.04	45	2.14
Total	100	1.83	100	6.75	100	4.75

The above allocations are based on the Minimum Subscription Scenario, Maximum Subscription Scenario and Potential Excess Subscription Scenario only and subject to certain assumptions. In the event that the Net Proceeds falls in between the Minimum Subscription Scenario, the Maximum Subscription Scenario and the Potential Excess Subscription Scenario, the Company will make the necessary announcements on the revised allocations once the final Net Proceeds have been determined. It is anticipated that the allocations will not deviate significantly from the above illustrations.

As and when there is any material disbursement of the Net Proceeds, the Company will make the necessary announcements on SGXNet and subsequently provide a status report on the use of such proceeds in its annual report. Where Net Proceeds have been used for general working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and the annual reports. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reason(s) for such deviation.

Pending the deployment of the Net Proceeds, such Net Proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments, corporate financing or loans or for any other purposes on a short-term basis as the Directors may deem fit.

2.10 Adequacy of Working Capital

As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the purpose of the Rights Issue is to meet its anticipated general working capital and investment and acquisitions requirements as described above. The Directors are further of the opinion that, after taking into consideration the rationale for the Rights Issue as set out above and the factors taken into consideration in arriving at the Issue Price as set out in Section 2.4, that the Rights Issue is in the interest of the Company.

Based on the reasonable opinion of the Directors as at the Latest Practicable Date and in view of the Irrevocable Undertakings, there is no minimum amount which must be raised from the Rights Issue taking into consideration the intended use of the Net Proceeds.

2.11 Record Date

Subject to Shareholders' approval of the Rights Issue at the EGM being obtained, the Record Date for the purpose of determining the Entitled Shareholders' entitlements under the Rights Issue will be announced at a later date.

2.12 Financial Information of the Group

Selected audited consolidated financial information of the Group for FY2018, FY2019 and FY2020 and selected unaudited consolidated financial information of the Group for FY2021 are set out in Appendix B of this Circular. Such selected financial information include the Group's income statement, statement of financial position, statement of cash flow and the working capital position as well as a review thereof, and should be read together with the annual reports, the consolidated audited accounts and consolidated financial statements of the Group for the relevant periods and the related notes thereto, which are available on the website of the SGX-ST at www.sgx.com.

2.13 Financial effects of the Rights Issue

The *pro forma* financial effects of the Rights Issue set out below are purely for illustrative purposes only and are not necessarily indicative of or a projection of the actual future financial performance or financial position of the Group after completion of the Rights Issue.

The *pro forma* financial effects of the Rights Issue have been computed based on the unaudited consolidated financial statements of the Group for FY2021. The financial effects of the Rights Issue under the Minimum Subscription Scenario, Maximum Subscription Scenario and Potential Excess Subscription Scenario are presented herein after taking into account the following assumptions:

- (a) for the purposes of computing the financial effects of the Rights Issue on the share capital, NTA per Share and gearing of the Group, the Rights Issue is assumed to have been completed on 31 March 2021;
- (b) for the purposes of computing the financial effects of the Rights Issue on the EPS of the Group, the Rights Issue is assumed to have been completed on 1 April 2020. The future effect of the Rights Issue on the Group's earnings will in turn depend on the returns earned from such deployment of the net proceeds from the issue of the Rights Shares and is not determinable at this point in time.

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Share Capital

	Minimum Subscription Scenario		Maximum Subscription Scenario		Potential Excess Subscription Scenario	
	No. of Shares	S\$'000	No. of Shares	S\$'000	No. of Shares	S\$'000
As at the Latest Practicable Date	349,176,870	46,814	349,176,870	46,814	349,176,870	46,814
Add: Rights Shares to be issued	102,937,901	2,059	349,176,870	6,984	249,005,089	4,980
Less: estimated expenses of the Rights Issue		(229)		(229)		(229)
Resultant enlarged issued share capital	452,114,771	48,644	698,353,740	53,569	598,181,959	51,565

NTA per Share

	Minimum Subscription Scenario	Maximum Subscription Scenario	Potential Excess Subscription Scenario
	As at 31 March 2021	As at 31 March 2021	As at 31 March 2021
NTA before the Rights Issue (S\$'000)	59,103	59,103	59,103
Add: Adjustments for net proceeds from the Rights Issue (S\$'000)	1,830	6,755	4,750
Adjusted NTA after the Rights Issue (S\$'000)	60,933	65,858	63,853
Before the Rights Issue			
Number of Shares	349,176,870	349,176,870	349,176,870
NTA per Share before the Rights Issue (cents)	16.93	16.93	16.93
After the Rights Issue			

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Number of Shares after the Rights Issue	452,114,771	698,353,740	598,181,959
Adjusted NTA per Share after the Rights Issue (cents)	13.48	9.43	10.67

EPS

	Minimum Subscription Scenario	Maximum Subscription Scenario	Potential Excess Subscription Scenario
	FY2021	FY2021	FY2021
Net losses attributable to Shareholders (S\$'000)	(1,489)	(1,489)	(1,489)
Before the Rights Issue			
Number of Shares before the Rights Issue	349,176,870	349,176,870	349,176,870
LPS before the Rights Issue (cents)	(0.43)	(0.43)	(0.43)
After the Rights Issue			
Number of Shares after the Rights Issue	452,114,771	698,353,740	598,181,959
Adjusted LPS after the Rights Issue (cents)	(0.33)	(0.21)	(0.25)

Gearing

	Minimum Subscription Scenario	Maximum Subscription Scenario	Potential Excess Subscription Scenario
	As at 31 March 2021	As at 31 March 2021	As at 31 March 2021
Before the Rights Issue			
Total borrowings before the Rights Issue (S\$'000)	33,792	33,792	33,792
Shareholders' equity before the Rights Issue (S\$'000)	59,103	59,103	59,103
Gearing before the Rights Issue (times)	0.57	0.57	0.57
After the Rights Issue			
Total borrowings after the Rights Issue (S\$'000)	33,792	33,792	33,792

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Adjusted Shareholders' equity after the Rights Issue (S\$'000)	60,933	65,858	63,853
Gearing after the Rights Issue (times)	0.55	0.51	0.53

3. THE WHITEWASH RESOLUTION

3.1 Mandatory Offer requirement under the Code

Under Rule 14.1 of the Code, where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1% of the voting rights, he is required, and each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation, to make a Mandatory Offer for all the Shares in the Company which he or they do not already own or control.

Under the Maximum Subscription Scenario, the aggregate interest (direct and deemed) of the Undertaking Shareholders and their respective concert parties after the close of the Rights Issue will remain unchanged.

The aggregate interest (direct and deemed) of the Undertaking Shareholders and their respective concert parties under the Minimum Subscription Scenario, based on the Existing Issued Share Capital, is set out below:

	Immediately before the Rights Issue		Immediately after the Rights Issue and excluding the Potential Excess Subscription Scenario (details of which are set out in Section 3.2 below)	
	No. of Shares	%⁽¹⁾	No. of Shares	%⁽²⁾
Chua Kim Hua	44,113,319	12.63	88,226,638	19.51
Chua Eng Eng	36,576,906	10.48	73,153,812	16.18
Chua Hai Kuey	22,247,676	6.37	44,495,352	9.85
Chua Kon Seng	574,666	0.17	574,666	0.13
Chua Yean Cheng (Cai YingQing)	150,000	0.04	150,000	0.03
Chua Puay Woon	100,000	0.03	100,000	0.02
Chua ZhiHong	85,000	0.03	85,000	0.02
Chua Ling Kang	56,270	0.02	56,270	0.01
Chua Su Mai (Cai ShuMei)	50,000	0.01	50,000	0.01
Chua Yean Shien (Cai YingXian)	50,000	0.01	50,000	0.01

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Chua Puay Nee (Cai Beini)	50,000	0.01	50,000	0.01
Chua Yan Peng	1,252	0.00	1,252	0.00
Total	104,055,089	29.80	206,992,990	45.78

Notes:

- (1) Based on the Existing Share Capital.
- (2) Based on an enlarged issued and paid-up share capital of the Company comprising 452,114,771 Shares.

As illustrated above, the fulfilment by the Undertaking Shareholders of their obligations under the Irrevocable Undertakings may result in the aggregate interest of the Chua Concert Group to, upon completion of the Rights Issue, crossing the mandatory offer threshold of 30.00% as set out in Rule 14.1 of the Code and the Chua Concert Group would, thereby, incur an obligation to make a Mandatory Offer pursuant to Rule 14.1 of the Code unless such obligation is waived by the SIC.

3.2 Potential dilution

Under the Minimum Subscription Scenario, the dilution effect to the aggregate interest (direct and deemed) of existing Shareholders upon the completion of the Rights Issue will be as follows:

	Current shareholding		After the Rights Issue	
	No. of Shares	%	No. of Shares	%
Chua Concert Group	104,055,089	29.80	206,992,990	45.78
Mui Hia Holding Limited	76,875,000	22.02	76,875,000	17.00
Other Shareholders	168,246,781	48.18	168,246,781	37.21
Total	349,176,870	100.00	452,114,771	100.00⁽¹⁾

Note:

- (1) Does not add up due to rounding.

As at the Latest Practicable Date, the Undertaking Shareholders have indicated that they also intend to, collectively, subscribe for up to 145,000,000 Excess Rights Shares, if available, in the following proportions (**Indicative Proportions**):

	No. of Excess Rights Shares
Chua Kim Hua	2,900,000
Chua Eng Eng	134,850,000

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Chua Hai Kuey	7,250,000
Total	145,000,000

As at the Latest Practicable Date, the Other Chua Concert Group Members have also indicated that they intend to subscribe for up to their pro-rata entitlements of Rights Shares.

The aggregate interest (direct and deemed) of the Undertaking Shareholders and their respective concert parties under the Potential Excess Subscription Scenario, based on the Existing Issued Share Capital, is set out below:

	Immediately before the Rights Issue		Immediately after the Rights Issue	
	No. of Shares	%(¹)	No. of Shares	%(²)
Chua Kim Hua	44,113,319	12.63	91,126,638	15.23
Chua Eng Eng	36,576,906	10.48	208,003,812	34.77
Chua Hai Kuey	22,247,676	6.37	51,745,352	8.65
Chua Kon Seng	574,666	0.17	1,149,332	0.19
Chua Yean Cheng (Cai YingQing)	150,000	0.04	300,000	0.05
Chua Puay Woon	100,000	0.03	200,000	0.03
Chua ZhiHong	85,000	0.03	170,000	0.03
Chua Ling Kang	56,270	0.02	112,540	0.02
Chua Su Mai (Cai ShuMei)	50,000	0.01	50,000	0.01
Chua Yean Shien (Cai YingXian)	50,000	0.01	100,000	0.02
Chua Puay Nee (Cai Beini)	50,000	0.01	100,000	0.02
Chua Yan Peng	1,252	0.00	2,504	0.00
Total	104,055,089	29.80	353,060,178	59.02

Notes:

- (1) Based on the existing share capital of the Company comprising 349,176,870 Shares as at the date of this announcement.
- (2) Based on an enlarged share capital of the Company comprising 598,181,959 Shares.

For illustrative purposes only, based on the terms of the Rights Issue and the Irrevocable Undertakings, and assuming that (i) the Undertaking Shareholders subscribe for their entitlement of Rights Shares pursuant to the Irrevocable Undertakings; (ii) the Other Chua Concert Group Members subscribe for their pro-rata entitlements of Rights Shares; (iii) none of the other Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares; and (iv) the Undertaking Shareholders collectively subscribe for 145,000,000 Excess Rights Shares, the dilution effect to the aggregate interest (direct and deemed) of existing Shareholders upon the completion of the Rights Issue in the Potential Excess Subscription Scenario will be as follows:

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	Current shareholding		After the Rights Issue	
	No. of Shares	%	No. of Shares	%
Chua Concert Group	104,055,089	29.80	353,060,178	59.02
Mui Hia Holding Limited	76,875,000	22.02	76,875,000	12.85
Other Shareholders	168,246,781	48.48	168,246,781	28.13
Total	349,176,870	100.00	598,181,959	100.00

3.3 Whitewash Waiver

As there is no intention to trigger a Mandatory Offer arising from the Rights Issue, an application was made by the Company to the SIC for, among others, a waiver of the Chua Concert Group's obligation to make a Mandatory Offer under Rule 14.1 of the Code, arising from their subscription of the Rights Shares and Excess Rights Shares (as may be applicable) in connection with the Rights issue, and by reason of the Undertaking Shareholders fulfilling their obligations under the Irrevocable Undertakings. On 3 June 2021 (and as updated by the SIC on 18 June 2021), the SIC granted the Whitewash Waiver subject to, among others, the following conditions being met.

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Rights Shares and the Excess Rights Shares, a resolution (the "**Whitewash Resolution**") by way of a poll to waive their rights to receive a general offer from the Chua Concert Group;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Chua Concert Group and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Chua Concert Group did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
 - (i) during the period between the first announcement of the Rights Issue and the date shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six (6) months prior to the announcement of the Rights Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Rights Issue;
- (e) the Company appoints an independent financial adviser to advise the independent shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Rights Issue, including (i) the proposed acquisition of the Rights Shares and the Excess Rights Shares by the Undertaking Shareholders; and (ii) the proposed subscription of up to their pro-rata entitlement of Rights Shares by the Other Chua Concert Group Members;
 - (ii) the dilution effect to the voting rights of existing Shareholders upon (i) the issue of the Rights Shares and the Excess Rights Shares to the Undertaking

Shareholders; and (ii) the Other Chua Concert Group Members subscribing for up to their pro-rata entitlement of Rights Shares;

- (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Undertaking Shareholders and their concert parties at the Latest Practicable Date;
- (iv) the number and percentage of voting rights to be acquired by the Undertaking Shareholders and their concert parties upon (i) the issue of the Rights Shares and the Excess Rights Shares to the Undertaking Shareholders; and (ii) the Other Chua Concert Group Members subscribing for up to their pro-rata entitlement of Rights Shares;
- (v) specific and prominent reference to the possibility that (i) the issue of the Rights Shares and the Excess Rights Shares to the Undertaking Shareholders; and (ii) the Other Chua Concert Group Members subscribing for up to their pro-rata entitlement of Rights Shares, could result in the Chua Concert Group holding Shares carrying over 49% of the voting rights of the Company and to the fact that the Chua Concert Group will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
- (vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Chua Concert Group at the highest price paid by the Chua Concert Group for the Shares in the past six (6) months preceding the commencement of the offer; and
- (g) the circular by the Company to the Shareholders states that the waiver granted by the SIC to the Chua Concert Group from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at Sections 3.3(a) to 3.3(f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of the circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within three (3) months of the date of the SIC's letter and the acquisition of the Rights Shares and Excess Rights Shares by the Undertaking Shareholders must be completed within three (3) months of the date of the approval of the Whitewash Resolution,

(collectively, the "**SIC Conditions**").

As at the date of this Circular, save for the SIC Conditions set out in Sections 3.3(a), 3.3(b), 3.3(c), 3.3(d) and 3.3(i) of this Circular, all the other SIC Conditions set out above have been satisfied. The SIC Conditions set out in Sections 3.3(a), 3.3(b), 3.3(c) and 3.3(d) will be satisfied upon the holding of the EGM.

3.4 Whitewash Resolution

The Independent Shareholders should note that:

- (a) **the subscription of the Rights Shares and Excess Rights Shares by the Undertaking Shareholders, and the subscription of up to their pro-rata entitlement of Rights Shares by the Other Chua Concert Group Members could result in the Chua Concert Group holding Shares carrying over 49% of the voting rights of the Company based on the enlarged issued share capital of the Company immediately upon completion of the Rights Issue and that the Chua Concert Group will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer; and**

- (b) **by voting in favour of the Whitewash Resolution as set out as Ordinary Resolution 2 in the Notice of Extraordinary General Meeting, Shareholders will be waiving their rights to receive a Mandatory Offer from the Chua Concert Group at the highest price paid by the Chua Concert Group for the Company's Shares in the past six months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code.**

In connection with the Whitewash Waiver, the Chua Concert Group has confirmed that it/he, whether by itself/himself or with any of its/his concert parties, has not acquired any Shares in the six (6) months period prior to the date of the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights Issue, being 8 February 2021, and has not and will not acquire any Shares in the period between the Announcement and the date on which the approval of the Independent Shareholders is obtained for the Whitewash Resolution.

3.5 Advice from the IFA

The Board has, on behalf of the Company, appointed Provenance Capital Pte. Ltd. as the IFA to advise the Independent Directors and the Independent Shareholders on the Whitewash Resolution. The IFA Letter setting out its opinion and advice in full, is reproduced in Appendix A to this Circular.

The following is an extract from Section 7 of the IFA Letter to the Independent Directors and should be read by Shareholders in conjunction with, in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

"In arriving at our opinion in respect of the Whitewash Resolution, we have reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment:

- (a) rationale for the Rights Issue;*
- (b) the Rights Shares being offered to all entitled Shareholders on a pro rata basis;*
- (c) assessment of the terms of the Rights Shares;*
- (d) financial effects on the Group resulting from the Rights Issue;*
- (e) dilution impact of the Rights Issue on the Independent Shareholders; and*
- (f) other relevant considerations.*

Overall, based on our analysis and after having considered carefully the information available to us, we are of the view that the terms of the Rights Issue are fair and reasonable, and the Whitewash Resolution, when considered in the context of the Rights Issue, is not prejudicial to the interest of the Independent Shareholders."

Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced in Appendix A to this Circular and consider carefully the recommendations of the Independent Directors for the Whitewash Resolution as set out in Section 8.2 of this Circular.

4. THE POTENTIAL TRANSFER OF CONTROLLING INTEREST

Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

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As at the Latest Practicable Date, (i) the Chua Concert Group holds the single largest shareholding block in the Company and Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey hold executive directorships in the Company; (ii) Mr. Chua Kim Hua and Ms. Chua Eng Eng are the two (2) largest Shareholders within the Chua Concert Group and have an interest (direct and deemed) in 44,113,319 and 36,576,906 Shares respectively, representing approximately 12.63% and 10.48% of the Existing Issued Share Capital respectively. Based on their indication to subscribe for up to 2,900,000 and 134,850,000 Excess Rights Shares respectively, if available (as set out in Section 3.2 above), in the event that he/she subscribes for and pays for Excess Rights Shares, a controlling interest in the Company may be transferred to each of them arising from the allotment and issue of such Excess Rights Shares.

For illustrative purposes only, based on the terms of the Rights Issue and the Irrevocable Undertakings, and assuming that (i) the Undertaking Shareholders subscribe for 145,000,000 Excess Rights Shares in the Indicative Proportions; and (ii) no other person subscribes for the Rights Shares, the shareholding interest of the Undertaking Shareholders upon the completion of the Rights Issue will be as follows:

	Current shareholding		After the Rights Issue	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Chua Kim Hua	44,113,319	12.63	91,126,638	15.26
Chua Eng Eng	36,576,906	10.48	208,003,812	34.83
Chua Hai Kuey	22,247,676	6.37	51,745,352	8.67

Notes:

- (1) Based on the Existing Share Capital.
- (2) Based on an enlarged issued and paid-up share capital of the Company comprising 597,114,771 Shares.

Accordingly, in view of Mr. Chua Kim Hua and Ms. Chua Eng Eng potentially acquiring a controlling interest in the Company, Shareholders' approval is being sought for the Company at the EGM to allot and issue Excess Rights Shares to Mr. Chua Kim Hua and Ms. Chua Eng Eng under the terms of the Rights Issue.

Mr. Chua Kim Hua and Ms. Chua Eng Eng and their associates will abstain from voting on Ordinary Resolution 3 relating to the Potential Transfer of Controlling Interest at the EGM.

As set out in Section 1.1 above, Shareholders should note that the passing of the Proposed Resolutions are inter-conditional. This means that if Ordinary Resolution 3 in relation to the Potential Transfer of Controlling Interest is not passed, the Company will not proceed with the Rights Issue.

For the avoidance of doubt, Shareholders should note that each of Mr. Chua Kim Hua and Ms. Chua Eng Eng does not become a Controlling Shareholder upon the passing of Ordinary Resolution 3 in relation to the Potential Transfer of Controlling Interest. Depending on the level of subscription for the Rights Shares and/or Excess Rights Shares by Entitled Shareholders (which Mr Chua Kim Hua and Ms Chua Eng Eng have no control over), each of Mr. Chua Kim Hua and Ms. Chua Eng Eng will become a Controlling Shareholder only when their respective shareholding interests increases to more than 15.0% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed in this Circular, none of the Directors or Substantial Shareholders of the Company (except for the Undertaking Shareholders who have provided the Irrevocable Undertakings) has any direct or indirect interest in the Rights Issue (other than through their respective shareholdings in the Company).

Pursuant to the Corporate Governance Advisory Committee Statement on Directors Disclosures in Rights Issues, Shareholders should note that as at the Latest Practicable Date, none of the Directors save for the Undertaking Shareholders hold shareholding interests in the Company. Accordingly, as at the Latest Practicable Date, it is anticipated that none of the Directors save for the Undertaking Shareholders will be participating in the Rights Issue. Ms Siraarpa Siriviriyakul is the grand-niece of Ms Ganoktip Siriviriyakul, a Substantial Shareholder of the Company.

The shareholding effects of the Rights Issue as set out below are for illustrative purposes only and based on assumptions set out herein, and do not reflect the actual position of the Shareholders after the completion of the Rights Issue:

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	As at the Latest Practicable Date ⁽¹⁾				After completion of the Rights Issue																
	Direct Interest		Deemed Interest		Minimum Subscription Scenario ⁽²⁾				Potential Excess Subscription Scenario ⁽³⁾				Maximum Subscription Scenario ⁽⁴⁾								
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	Direct Interest	No. of Shares	%	Deemed Interest	No. of Shares	%	Direct Interest	No. of Shares	%	Deemed Interest	No. of Shares	%	
Directors																					
Chua Kim Hua	44,113,319	12.63	-	-	88,226,638	19.51	-	-	91,126,638	15.23	-	-	-	88,226,638	12.63	-	-	-	-	-	-
Chua Eng Eng	36,576,906	10.48	-	-	73,153,812	16.18	-	-	208,003,812	34.77	-	-	-	73,153,812	10.48	-	-	-	-	-	-
Chua Hai Kuey	22,247,676	6.37	-	-	44,495,352	9.84	-	-	51,745,352	8.65	-	-	-	44,495,352	6.37	-	-	-	-	-	-
Goh Chee Wee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Siraarpa Siriviyakul ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tang Siew Foo, David	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Teo Ho Pin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Substantial Shareholders (other than the Directors)																					
Mui Hia Holding Limited	76,875,000	22.02	-	-	76,875,000	17.00	-	-	76,875,000	12.85	-	-	-	153,750,000	22.02	-	-	-	-	-	-
Ganoktip Siriviyakul ⁽⁶⁾	-	-	76,875,000	22.02	-	-	76,875,000	17.00	-	-	-	76,875,000	12.85	-	-	76,875,000	12.85	-	-	153,750,000	22.02
Others																					
Other shareholders	169,363,969	48.50			169,363,969	37.46			170,431,157	28.49				338,727,938	48.50						
Total	349,176,870	100.00			452,114,771	100.00⁽⁷⁾			598,181,959	100.00⁽⁷⁾				698,353,740	100.00						

Note:

- (1) Based on the Existing Issued Share Capital.
- (2) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 452,114,771 Shares in the Minimum Subscription Scenario.
- (3) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 598,181,959 Shares in the Potential Excess Subscription Scenario including the potential subscription of up to 2,900,000, 134,850,000 and 7,250,000 Excess Rights Shares by Mr. Chua Kim Hua, Ms. Chua Eng Eng and Mr. Chua Hai Kuey respectively and the potential subscription of up to their pro-rata entitlements of Rights Shares by the Other Chua Concert Group Members.
- (4) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 698,353,740 Shares in the Maximum Subscription Scenario.
- (5) Ms. Siraarpa Siriviyakul is the grand-niece of Ms. Ganoktip Siriviyakul, a Substantial Shareholder of the Company.
- (6) Ms. Ganoktip Siriviyakul is deemed to be interested in the Shares held by Mui Hia Holding Limited by virtue of her 100% shareholding interest in Mui Hia Holding Limited.
- (7) Does not add up due to rounding.

6. OFFER INFORMATION STATEMENT

The Offer Information Statement will be despatched or, as the case may be, disseminated by the Company to Entitled Shareholders subject to, *inter alia*, the approval of the Rights Issue Resolution being obtained at the EGM. Acceptances and applications under the Rights Issue can be made on the following (all of which will form part of the Offer Information Statement):-

- (a) the PAL, in case of Entitled Scripholders;
- (b) the ARE or through the ATMs of Participating Banks, in the case of Entitled Depositors;
- (c) the ARS or through the ATMs of Participating Banks, in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addressees with CDP are in Singapore; and

The procedures for, and the terms and conditions applicable to, the acceptances, the renunciations and/or sales of the provisional allotments of the Rights Shares and for the Excess Applications for the Rights Shares pursuant to the Rights Issue, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement.

7. ABSTENTION FROM VOTING

Pursuant to the Code and SIC Conditions, the Chua Concert Group and parties not independent of them shall abstain, and shall procure their respective associates to abstain, from voting on Ordinary Resolution 2 in relation to the Whitewash Resolution and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of the Whitewash Resolution unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution. The Company will disregard any votes cast by them on Ordinary Resolution 2 in relation to the Whitewash Resolution.

Mr. Chua Kim Hua and Ms. Chua Eng Eng and their concert parties shall also abstain, and shall procure their associates to abstain from voting on Ordinary Resolution 3 in relation to the Potential Transfer of Controlling Interest and shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 3 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution. The Company will disregard any votes cast by them on Ordinary Resolution 3 in relation to the Potential Transfer of Controlling Interest.

8. DIRECTORS' RECOMMENDATIONS

In giving the recommendations below, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders may have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

8.1 Rights Issue

The Directors, having considered, *inter alia*, the terms and rationale for the Rights Issue, are of the opinion that the Rights Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 1 relating thereto to be proposed at the EGM.

8.2 Whitewash Resolution

The Independent Directors, having considered, among others, the terms of and rationale for the Rights Issue as set out in Section 2.9 of this Circular and the advice of the IFA as set out in the IFA Letter reproduced in Appendix A to this Circular, are of the opinion that the terms of the Rights Issue are fair and reasonable, and the Whitewash Resolution, when considered in the context of the Rights Issue, is in the best interests of the Company, and not prejudicial to the interests of the Independent Shareholders.

Accordingly, the Independent Directors recommend that Independent Shareholders vote in favour of Ordinary Resolution 2 relating thereto to be proposed at the EGM.

8.3 Potential Transfer of Controlling Interest

The Independent Directors, having considered, *inter alia*, the terms and rationale for the Potential Transfer of Controlling Interest, are of the opinion that the Potential Transfer of Controlling Interest is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 3 relating thereto to be proposed at the EGM.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held by way of electronic means on 30 July 2021 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 10:00 a.m. on the same day) for the purpose of considering and, if thought fit, passing Proposed Resolutions set out in the Notice of EGM.

In line with the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, no printed copies of this Circular (including the Notice of EGM and the Proxy Form) will be despatched to Shareholders. A copy of this Circular (including the Notice of EGM and the Proxy Form) have been uploaded on SGXNet and may also be accessed at the Company's website at the URL <https://conveneagm.com/sg/kingwan>.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

10.1 No physical attendance at the EGM

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.

10.2 Alternative Arrangements

Alternative arrangements relating to, among others, attendance at the EGM by way of electronic means (including arrangements by which the EGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the EGM, addressing of substantial and relevant questions prior to, or at the EGM and/or voting by appointing the Chairman of the EGM as proxy at the EGM, are set out below:

(a) Registration for Live Webcast

A Shareholder will be able to follow the proceedings of the EGM through a live audio-visual webcast or live audio-only stream (collectively, "**Live Webcast**") via mobile phone, tablet, computer or any such electronic device.

LETTER TO SHAREHOLDERS

In order to do so, a Shareholder must pre-register no later than 10:30 a.m. on 27 July 2021 (“**Registration Deadline**”), at the URL: <https://conveneagm.com/sg/kingwan>, for authentication of their status as Shareholders.

Shareholders who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the EGM by 29 July 2021. Shareholders who have registered by the Registration Deadline but did not receive email instructions by 29 July 2021 may contact the Company by email at egm.2021@kingwan.com.sg for assistance.

Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to participate in the EGM should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible so that the necessary arrangements can be made by the relevant agents for their participation in the EGM

(b) Shareholders' Queries

Shareholders will not be able to speak or ask questions during the Live Webcast, therefore it is important for them to submit their questions in advance of the EGM.

All questions to be addressed at the EGM must be submitted no later than 10:30 a.m. on 27 July 2021 to the Company:

- (i) via the pre-registration website at the URL: <https://conveneagm.com/sg/kingwan>;
- (ii) mail to the Company's registered office at 8 Sungei Kadut Loop Singapore 729455;
or
- (iii) via email to egm.2021@kingwan.com.sg.

For verification purpose, when submitting any questions by post or via email, Shareholders MUST provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from Shareholders prior to, or at the EGM and upload the Company's responses on the SGX website. The minutes of the EGM, which include responses to substantial queries from the Shareholders which are addressed during the EGM, shall thereafter be published on SGX website, within one (1) month from the conclusion of the EGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, can submit their questions in relation to any resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

(c) Proxy Voting

A Shareholder (including a relevant intermediary) will not be able to attend the EGM physically in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. The instrument appointing the Chairman of the EGM as proxy has been uploaded together with this Notice of EGM on SGX website on the same day.

Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:

- (i) if by post, to the Registered Office Address of the Company, at 8 Sungei Kadut Loop Singapore 729455 (Opening Hours is 9 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
- (ii) if sent by email to egm.2021@kingwan.com.sg,

in either case, not less than seventy-two (72) hours before the time for holding the EGM and at any adjournment thereof. A Shareholder who wishes to submit an instrument of proxy by (i) and (ii) must first download the proxy form, which is available on SGX website at the URL: <https://www.sgx.com/securities/company-announcements>, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the EGM (i.e. by 5:00 p.m. on 19 July 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by the cut-off date.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to appoint the Chairman of the EGM as proxy.

11. 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 Rights Issue, the Whitewash Resolution and the Potential Transfer of Controlling Interest, 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 the Circular has been extracted from published or otherwise 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 the Circular in its proper form and context.

12. CONSENT

Provenance Capital Pte. Ltd., the IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter attached as Appendix A to this Circular and all references to its name in the form and context in which it appears in this Circular.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time, copies of 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 and including the time and date of the EGM:

- (a) the annual reports of the Company for FY2018, FY2019 and FY2020;
- (b) the constitution of the Company;
- (c) the IFA Letter;
- (d) the letter of consent referred to in Section 12 of this Circular; and
- (e) the Irrevocable Undertakings.

Yours faithfully

For and on behalf of the Board of Directors of
KING WAN CORPORATION LIMITED

Chua Eng Eng
Managing Director

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)

(Incorporated in the Republic of Singapore)

96 Robinson Road #13-01 SIF Building

Singapore 068899

9 July 2021

To: The Independent Directors of King Wan Corporation Limited
(deemed to be independent in respect of the Proposed Whitewash Resolution)

Mr Goh Chee Wee	(Lead Independent and Non-Executive Director)
Ms Siraarpa Siriviriyakul	(Independent Non-Executive Director)
Mr Tang Siew Foo, David	(Independent Non-Executive Director)
Dr Teo Ho Pin	(Independent Non-Executive Director)

Dear Sirs/Mdm,

WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A GENERAL OFFER FROM THE CHUA CONCERT GROUP FOR ALL OF THE SHARES NOT ALREADY OWNED OR CONTROLLED BY THE CHUA CONCERT GROUP IN RELATION TO THE RIGHTS ISSUE

*Unless otherwise defined or the context otherwise requires, all terms used in this letter (“**Letter**”) have the same meanings as defined in the Circular to shareholders of King Wan Corporation Limited (“**Shareholders**”) dated 9 July 2021 (“**Circular**”). For the purposes of this Letter, the Latest Practicable Date is 6 July 2021 as defined in the Circular.*

1. INTRODUCTION

1.1 On 31 March 2021 (“**Announcement Date**”) before trading hours, the board of directors (“**Directors**”) of King Wan Corporation Limited (“**Company**”, and together with its subsidiaries, “**Group**”) announced that the Company is proposing a renounceable non-underwritten rights issue (“**Rights Issue**”) of up to 349,176,870 new ordinary shares in the capital of the Company (“**Rights Shares**”) at an issue price of S\$0.02 for each Rights Share, on the basis of one Rights Share for every one ordinary share in the capital of the Company (“**Share(s)**”) held by Shareholders as at the books closure date to be determined (“**Announcement**”).

The Company is seeking the approval of Shareholders for the Rights Issue at the forthcoming extraordinary general meeting (“**EGM**”).

1.2 As at the Announcement Date, the Executive Directors of the Company, namely Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey, and their concert parties (collectively, “**Chua Concert Group**”) hold in aggregate 104,055,089 Shares, representing approximately 29.80% of the existing issued share capital of the Company. Mr Chua Kim Hua is the father of Ms Chua Eng Eng and brother of Mr Chua Hai Kuey.

As at the Latest Practicable Date, the Company has an existing share capital comprising 349,176,870 Shares.

To demonstrate their support and commitment to the Company and the Rights Issue, Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey (“**Undertaking Shareholders**”) have each undertaken to the Company (“**Irrevocable Undertakings**”) to, *inter alia*, subscribe for and pay in full for his/her *pro rata* entitlement to the Rights Shares.

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

In addition, the Undertaking Shareholders have expressed intentions to collectively subscribe for up to 145,000,000 excess Rights Shares ("**Excess Rights Shares**"), if available.

On 20 April 2021, the Company announced an update that the Undertaking Shareholders have indicated that they intend to subscribe for the Excess Rights Shares, if available, in the following indicative proportions ("**Indicative Proportions**"):

	No. of Excess Rights Shares
Mr Chua Kim Hua	2,900,000
Ms Chua Eng Eng	134,850,000
Ms Chua Hai Kuey	7,250,000
Total	145,000,000

The Undertaking Shareholders hold in total 29.48% interest in the Company and the Chua Concert Group (other than the Undertaking Shareholders) ("**Other Chua Concert Parties**") owns 0.32% interest in the Company. On 21 June 2021, the Company announced that, *inter alia*, the Other Chua Concert Parties (excluding Ms Chua Su Mai (Cai ShuMei) ("**CSM**")) have since indicated that they intend to subscribe for up to their *pro rata* entitlements of the Rights Shares.

- 1.3** Under Rule 14.1 of the Singapore Code on Take-overs and Mergers ("**Code**"), where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30% or more of the voting rights in the company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the company and such person, or any person acting in concert with him, acquires in any period of six months additional Shares carrying more than 1% of the voting rights (each a "**Mandatory Offer Threshold**"), he is required to make a mandatory general offer for all the shares in the company which he does not already own or control ("**Mandatory Offer**").

In view of the Irrevocable Undertakings and the Undertaking Shareholders' intention to also subscribe for the Excess Rights Shares, their subscription of the Rights Shares may potentially result in the Chua Concert Group holding an aggregate shareholding interest which is equal to or more than 30% in the Company, and thus trigger the Mandatory Offer Threshold. In such an event, the Chua Concert Group would incur an obligation to make the Mandatory Offer pursuant to Rule 14.1(a) of the Code, unless such obligation is waived by the Securities Industry Council ("**SIC**"). Accordingly, an application has been made to the SIC for, among other things, a waiver of the obligation of the Chua Concert Group to make the Mandatory Offer as a result of their subscription to the Rights Shares ("**Whitewash Waiver**").

The SIC had granted the Whitewash Waiver to the Chua Concert Group in the event that the Chua Concert Group incurs an obligation to make a Mandatory Offer as a result of:

- (a) the Undertaking Shareholders subscribing for their *pro rata* entitlement of Rights Shares under the Irrevocable Undertaking and subscribing for up to 145,000,000 Excess Rights Shares, if available; and
- (b) the Other Chua Concert Parties (excluding CSM) subscribing for up to their *pro rata* entitlement of Rights Shares,

subject to the satisfaction of certain conditions, including *inter alia*, (i) the approval of the proposed whitewash resolution ("**Whitewash Resolution**") by the majority of Shareholders who are deemed independent of the Chua Concert Group ("**Independent Shareholders**") voting by way of a poll at the EGM to waive their rights to receive a general offer from the Chua Concert Group; and (ii) the appointment of an independent financial adviser ("**IFA**") to advise the Independent Shareholders on the Whitewash Resolution.

Accordingly, the Rights Issue is subject to the approval of the Whitewash Resolution by the Independent Shareholders at the EGM and the opinion of the IFA on the Whitewash Resolution.

Provenance Capital Pte. Ltd. (“**Provenance Capital**”) has been appointed as the IFA to advise on the Whitewash Resolution.

1.4 As at the Latest Practicable Date, the Directors are as follows:

- | | | |
|-------|---------------------------|--------------------------------------|
| (i) | Mr Chua Kim Hua | (Group Chairman) |
| (ii) | Ms Chua Eng Eng | (Managing Director) |
| (iii) | Mr Chua Hai Kuey | (Executive Director) |
| (iv) | Mr Goh Chee Wee | (Lead Independent Director) |
| (v) | Ms Siraarpa Siriviriyakul | (Independent Non-Executive Director) |
| (vi) | Mr Tang Siew Foo, David | (Independent Non-Executive Director) |
| (vii) | Dr Teo Ho Pin | (Independent Non-Executive Director) |

Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey, being members of the Chua Concert Group, are not considered independent in respect of the Whitewash Resolution. Accordingly, they will abstain from deliberating and making any recommendation as Directors in respect of the Whitewash Resolution.

Save for Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey, the remaining Directors, namely, Mr Goh Chee Wee, Ms Siraarpa Siriviriyakul, Mr Tang Siew Foo, David and Dr Teo Ho Pin are considered independent for purposes of making the recommendation to Independent Shareholders in relation to the Whitewash Resolution (“**Independent Directors**”).

This Letter is therefore addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on the Whitewash Resolution. This Letter forms part of the Circular which provides, *inter alia*, the details of the Rights Issue and the Whitewash Resolution and the recommendation of the Independent Directors to the Independent Shareholders.

1.5 Besides the Whitewash Resolution, in view of the intention of Mr Chua Kim Hua and Ms Chua Eng Eng to subscribe for up to 2,900,000 and 134,850,000 Excess Rights Shares respectively, if available, a controlling interest in the Company may be transferred to each of Mr Chua Kim Hua and Ms Chua Eng Eng arising from the allotment and issue of such Excess Rights Shares.

Rule 803 of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) provides that an issuer must not issue securities to transfer a controlling interest without the prior approval of shareholders in general meeting. Accordingly, the Company is also seeking the approval of Independent Shareholders at the EGM pursuant to Rule 803 of the Listing Manual for the potential transfer of controlling interests in the Company to each of Mr Chua Kim Hua and Ms Chua Eng Eng arising from the allotment and issue of the Excess Rights Shares (“**Potential Transfer of Controlling Interests**”). Please see further details in Section 4 of the Circular.

For the avoidance of doubt, we do not opine on the Potential Transfer of Controlling Interests as the Company has confirmed that the Potential Transfer of Controlling Interests is not subject to the opinion of the IFA.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Independent Directors in respect of the Whitewash Resolution. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the Rights Issue, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Rights Issue or to obtain the approval of the Shareholders for the Rights Issue and/or the Whitewash Resolution, and we do not, by this Letter, warrant the merits of the Rights Issue and/or the

Whitewash Resolution, other than to express an opinion on whether the financial terms of the Rights Issue, being the subject of the Whitewash Resolution, are fair and reasonable, and the Whitewash Resolution, when considered in the context of the Rights Issue, is not prejudicial to the interest of the Independent Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Rights Issue and/or the Whitewash Resolution or to compare their relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comments. Such evaluation or comments, if any, remains the responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors, the Management and/or their professional advisers (where applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, the Management and/or the professional advisers (where applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made such reasonable enquiries and judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Rights Issue and the Whitewash Resolution have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Company and the Group which we have relied upon in arriving at our opinion has been obtained from publicly available information and/or from the Directors and the Management and the professional advisers (where applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company or the Group at any time or as at the Latest Practicable Date.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Rights Issue and the Whitewash Resolution. Such review or comments, if any, remain the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. We have not obtained from the Company and/or the Group, any projection of the future performance including financial performance of the Company and/or the Group, and we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view as to the prices at which the shares of the Company may trade or the future value, financial performance or

condition of the Company and/or the Group, upon or after the completion of the Rights Issue or if the Rights Issue is not effected.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information and representations provided to us as at the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Company, we have taken into account certain other factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement, relevant to the Rights Issue and/or the Whitewash Resolution, which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Independent Shareholder or any specific group of Independent Shareholders. As each Independent Shareholder may have different investment objectives and profiles, we recommend that any individual Independent Shareholder or group of Independent Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no view, whether express or implied, on the contents of the Circular (other than this Letter and the extract of our opinion in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes other than for the purpose of the EGM and for the purpose of the Whitewash Resolution, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Independent Directors in connection with their recommendation to the Independent Shareholders in relation to the Whitewash Resolution. The recommendations made to the Independent Shareholders in relation to the Whitewash Resolution remain the responsibility of the Independent Directors.

Our opinion in relation to the Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.

Responsibility Statement by the Directors

The Directors have confirmed that, having made all reasonable enquiries and to the best of their respective knowledge and belief, information and representations provided to us by the Company are accurate. They have also confirmed that, upon making all reasonable enquiries and to their best knowledge and belief, all material information available to them in connection with the Rights Issue, the Whitewash Resolution, the Company and the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Rights Issue, the Whitewash Resolution, the Company and/or the Group stated in the Circular to be inaccurate, incomplete

or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

3. SALIENT INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company was listed on SESDAQ of the SGX-ST (the predecessor of the Catalist board) on 6 December 2000. On 21 October 2003, the Company was transferred to the Mainboard of the SGX-ST.

The Group, which was established in 1977, is a Singapore-based integrated building services company with principal activities in the provision of mechanical and electrical (“**M&E**”) engineering services for the building and construction industry. The Group operates through its network of subsidiaries, associates and joint venture in Singapore, the People’s Republic of China (“**PRC**”) and Thailand.

The Group operates principally in 2 major business segments as follows:

(a) M&E engineering services segment

The Group provides multi-disciplined M&E engineering services such as the design and installation of plumbing and sanitary systems, air-conditioning and mechanical ventilation systems, electrical systems, fire protection and alarm systems, communications and security systems for the building and construction industry. It also provides mobile chemical lavatories for rental and ancillary facilities for construction worksites as well as public and nationwide public events.

(b) Investment portfolio segment

The Group, through direct investments, operates in three other business sectors, vessel ownership and chartering, property development and operation of workers’ dormitory.

As at the Latest Practicable Date, the Company has 349,176,870 issued Shares and no treasury Shares. The Company does not have any outstanding instruments convertible into, rights to subscribe for, and options in respect of, Shares or securities which carry voting rights in the Company.

Based on the outstanding 349,176,870 Shares and the last transacted Share price of S\$0.033 as at the Latest Practicable Date, the market capitalisation of the Company is approximately S\$11.5 million.

As at the Latest Practicable Date, the Directors are as follows:

- | | | |
|-------|---------------------------|--------------------------------------|
| (i) | Mr Chua Kim Hua | (Group Chairman) |
| (ii) | Ms Chua Eng Eng | (Managing Director) |
| (iii) | Mr Chua Hai Kuey | (Executive Director) |
| (iv) | Mr Goh Chee Wee | (Lead Independent Director) |
| (v) | Ms Siraarpa Siriviriyakul | (Independent Non-Executive Director) |
| (vi) | Mr Tang Siew Foo, David | (Independent Non-Executive Director) |
| (vii) | Dr Teo Ho Pin | (Independent Non-Executive Director) |

Mr Chua Kim Hua is the father of Ms Chua Eng Eng and brother of Mr Chua Hai Kuey. Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Kai Kuey, who are the Undertaking Shareholders, hold directly 12.63%, 10.48% and 6.37% shareholding interest in the Company respectively, amounting to, in aggregate, 29.48% interest in the Company.

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

The Other Chua Concert Parties own 0.32% interest in the Company. On 21 June 2021, the Company announced that, *inter alia*, the Other Chua Concert Parties (excluding CSM) have since indicated that they intend to subscribe for up to their *pro rata* entitlements of the Rights Shares.

These Executive Directors together with their concert parties, referred to as the Chua Concert Group, own in total 29.80% shareholding interest in the Company.

Ms Siraarpa Siriviriyakul is the grandniece of Ms Ganoktip Siriviriyakul, who has a deemed 22.02% shareholding interest in the Company held by Mui Hia Holding Limited (“MHHL”). MHHL is a controlling Shareholder as defined in the Listing Manual.

Dr Teo Ho Pin was recently appointed as Independent Non-Executive Director on 1 April 2021.

In view of the interests of Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey in respect of the Whitewash Resolution, these Directors are not considered independent of the Whitewash Resolution. The Directors who are deemed Independent Directors for the Whitewash Resolution are Mr Goh Chee Wee, Ms Siraarpa Siriviriyakul, Mr Tang Siew Foo, David and Dr Teo Ho Pin.

3.2 Key financial information of the Group

The Company’s then auditors, Deloitte & Touche LLP, had highlighted a material uncertainty relating to the Group’s and the Company’s ability to continue as going concerns in its Independent Auditor’s Report in relation to the Group’s audited financial statements for the financial year ended 31 March 2020 (“FY2020”). As at 31 March 2020, the Group had also breached certain debt covenants with a few financial institutions, and the Group had obtained letters of indulgence or waiver from the respective financial institutions before the end of FY2020.

In the Company’s clarification announcement on 15 September 2020, the Directors had *inter alia* expressed their views and bases that the going concern assumption is appropriate for the preparation of the FY2020 audited financial statements, and the Group and Company will be able to fulfil its obligations for the next 12 months.

At the last annual general meeting of the Company held on 29 September 2020, Shareholders had approved the appointment of BDO LLP as the auditor of the Company in place of the retiring auditor, Deloitte & Touche LLP.

3.2.1 Financial performance

Set out below is a summary of the key financial results of the Group for the last 3 financial years ended 31 March, i.e. FY2019, FY2020 and FY2021:

S\$'000	Audited		Unaudited FY2021
	FY2019	FY2020	
Revenue	79,321	72,398	45,906
Gross profit	8,304	9,277	3,015
Profit/(Loss) for the year	2,373	420	(1,489)
Total comprehensive income/(loss) for the year	358	(14,014)	3,358

Source: Company’s annual report for FY2020 and full year results announcement for FY2021

FY2020 vs FY2019

The Group recorded a decrease in revenue of S\$6.9 million (or 8.7%) from S\$79.3 million in FY2019 to S\$72.4 million in FY2020 due mainly to the lower volume of ongoing M&E contracts

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available for revenue recognition during FY2020. Revenue from M&E engineering services business accounted for 95.7% of the Group's total revenue.

Gross profit margin for FY2020 was 12.8% which was higher than the 10.5% achieved in FY2019.

Profit for the year decreased from S\$2.4 million in FY2019 to S\$0.4 million in FY2020 due mainly to loss allowance of S\$2.0 million made for loans to associate in relation to property development in the PRC and higher finance costs, partially offset by the increase in gross profit.

The Group had significant total comprehensive loss for FY2020 compared to FY2019, as a result of a drop in the quoted closing market price of the Group's investments in Kaset Thai International Sugar Corporation Public Company Limited ("**KTIS**") which is listed on the Stock Exchange of Thailand, and such investment is carried in the books of the Group at fair value through other comprehensive income ("**FVTOCI**"). The net fair value loss in the above equity securities was S\$1.7 million in FY2019 and S\$14.6 million in FY2020.

As at 31 March 2020, the Group had approximately S\$181.0 million worth of M&E engineering services contracts on hand.

FY2021 vs FY2020

For FY2021, the Group was affected by the Circuit Breaker measures taken by the Singapore government due to the COVID-19 pandemic and recorded a steep decrease in revenue of S\$26.5 million (or 36.6%) from S\$72.4 million in FY2020 to S\$45.9 million in FY2021.

As a result, gross profit margin also decreased from 12.8% in FY2020 to 6.6% in FY2021.

Overall, profit for the year decreased by S\$1.9 million from a profit of S\$0.4 million in FY2020 to a loss of S\$1.5 million in FY2021 due mainly to lower gross profit achieved in FY2021 by S\$6.3 million compared to FY2020 despite lower loss allowance for amounts due from associate by S\$1.5 million, lower administrative expenses by S\$1.8 million and lower finance costs by S\$0.6 million.

In FY2021, the Group recorded net fair value gain on its investment in KTIS of S\$5.0 million compared to a net fair value loss of S\$14.6 million in FY2020 due to the increase in the quoted closing market price of KTIS. As mentioned above, the investment in KTIS is carried in the books of the Group at FVTOCI.

As a result, after taking into account the loss for the year of S\$1.5 million and *inter alia* net fair value gain on KTIS, the Group recorded total comprehensive profit of S\$3.4 million for FY2021 compared to total comprehensive loss of S\$14.0 million for FY2020.

As at the date of announcement of the results for FY2021 on 27 May 2021, the Group had approximately S\$156.9 million worth of M&E engineering services contracts on hand.

3.2.2 Financial position

A summary of the latest statement of financial position of the Group as at 31 March 2021 is set out below:

S\$'000	Unaudited as at 31 March 2021
ASSETS	
Current Assets	52,255
Non-current assets	65,993
Total Assets	118,248

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S\$'000	Unaudited as at 31 March 2021
LIABILITIES	
Current liabilities	54,103
Non-Current liabilities	5,042
Total Liabilities	59,145
Total Equity	
	59,103

Source: Company's results announcement for FY2021

Net Asset Value ("NAV") / Net Tangible Asset ("NTA") of the Group	S\$59,103,320
Number of issued Shares	349,176,870
NAV/NTA per Share	S\$0.1693

Assets

Total assets of the Group of S\$118.2 million comprise non-current assets of S\$66.0 million (55.8% of total assets) and current assets of S\$52.3 million (44.2% of total assets).

Current assets comprise mainly contract assets of S\$22.7 million (43.5% of current assets), cash and cash equivalents of S\$11.1 million (21.3% of current assets), trade receivables of S\$10.4 million (19.8% of current assets) and other receivables and prepayments of S\$6.7 million (12.7% of current assets).

Non-current assets of S\$66.0 million comprise mainly other receivables of S\$38.0 million (57.6% of non-current assets) and investments of S\$19.2 million (29.0% of non-current assets). Other receivables relate mainly to amounts due from associates and joint venture less loss allowances. Investments of S\$19.2 million pertains mainly to the Group's investment in KTIS which is carried at FVTOCI. The loss allowance on amounts due from associate and net fair value gain/loss on the Group's investment in KTIS had affected the results of the Group from year-to-year as mentioned above in the analysis of the financial performance of the Group.

Liabilities and Equity

Total liabilities of the Group of S\$59.1 million comprise current liabilities of S\$54.1 million (91.5% of total liabilities) and non-current liabilities of S\$5.0 million (8.5% of total liabilities).

Current liabilities comprise mainly bank borrowings of S\$10.9 million (20.1% of current liabilities), bills payables of S\$18.6 million (34.4% of current liabilities) and trade payables of S\$17.4 million (32.3% of current liabilities). Non-current liabilities comprise mainly bank borrowings of S\$4.0 million (78.5% of non-current liabilities).

Equity of the Group was S\$59.1 million. The Company had computed debt-equity ratio of the Group to be 0.57 times as at 31 March 2021 based on the total bank borrowings, bills payables and lease liabilities representing the lease of motor vehicles from financial institutions totalling S\$33.8 million, and total equity of S\$59.1 million.

As the Group does not have any intangible assets, its NAV is the same as its NTA, which stands at S\$59.1 million, representing NAV/NTA per Share of S\$0.1693 based on 349,176,870 Shares as at 31 March 2021.

We note that there is no change in the number of issued Shares since 31 March 2021 and up to the Latest Practicable Date.

4. THE RIGHTS ISSUE

4.1 Key terms of the Rights Issue

The detailed terms of the Rights Issue are set out in Sections 2.4 to 2.5 of the Circular. The key terms of the Rights Issue are set out below.

The Rights Issue is proposed to be made on a renounceable and non-underwritten basis to entitled Shareholders on the basis of 1 Rights Share for every 1 existing Share held by entitled Shareholders as at the record date to be determined, at the Issue Price of S\$0.02 for each Rights Share, payable in full on acceptance and/or application.

The Issue Price of S\$0.02 per Rights Share represents:

- (i) a discount of approximately 52.4% to the last transacted Share price of S\$0.042 on 30 March 2021, being the last market day prior to the Announcement; and
- (ii) a discount of approximately 35.5% to the theoretical ex-rights price (“**TERP**”) of S\$0.031 per Share based on the last transacted price of S\$0.042.

The TERP is the theoretical market price of each Share assuming the maximum 349,176,870 Rights Shares being issued and is computed based on the last transacted Share price of S\$0.042 on 30 March 2021 prior to the Announcement.

The Rights Shares are payable in full upon acceptance and/or application by entitled Shareholders, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue including procedures, acceptances and renunciations of applications for the Rights Shares will be contained in the offer information statement (“**OIS**”) to be lodged with the Monetary Authority of Singapore (“**MAS**”) and to be despatched by the Company to entitled Shareholders in due course.

4.2 Irrevocable Undertakings

As an indication of their support and commitment to the Company and the Rights Issue, the Undertaking Shareholders, namely Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey, have each given their Irrevocable Undertakings to, *inter alia*, subscribe for and pay in full for his/her *pro rata* entitlement to the Rights Shares, amounting to in aggregate, 102,937,901 Rights Shares, representing 29.48% of the Rights Issue.

In addition, the Undertaking Shareholders have expressed their intentions to collectively subscribe for up to 145,000,000 Excess Rights Shares, if available, in the following Indicative Proportions:

	No. of Excess Rights Shares
Mr Chua Kim Hua	2,900,000
Ms Chua Eng Eng	134,850,000
Ms Chua Hai Kuey	7,250,000
Total	145,000,000

Based on the Company's 349,176,870 issued Shares as at the Latest Practicable Date, and assuming no new Shares are issued on or prior to the record date, up to 349,176,870 Rights Shares would be issued and gross proceeds of up to S\$6.98 million would be raised.

With the Irrevocable Undertakings, the Company would be assured of raising gross proceeds of S\$2.06 million. In addition, if the Undertaking Shareholders collectively subscribe to the 145 million Excess Rights Shares which they have expressed intentions to subscribe, the Company would raise an additional S\$2.90 million, which together with the Rights Shares subscribed pursuant to the Irrevocable Undertakings, would raise total gross proceeds of S\$4.96 million, before taking into account subscription of the Rights Shares, if any, by other Shareholders. Accordingly, up to 71% of the Rights Issue is potentially supported by the Undertaking Shareholders.

The Company had estimated expenses of approximately S\$0.23 million would be incurred by the Company in relation to the Rights Issue.

The Company intends to use approximately 55% of the net proceeds from the Rights Issue for expansion and growth of existing business and/or financing of potential strategic joint ventures, and approximately 45% for general working capital.

4.3 Conditions precedent

The Rights Issue is subject to, *inter alia*, the following:

- (a) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Right Shares on the Mainboard of the SGX-ST and if such approval is granted subject to conditions, such conditions being acceptable to the Company, and such approval not having been withdrawn or revoked on or prior to the date of completion of the Rights Issue;
- (b) the SIC having granted the Whitewash Waiver and such waiver not having been withdrawn or revoked up to the date of completion of the Rights Issue;
- (c) the Rights Issue and the issue of the Rights Shares being approved by Shareholders at the EGM;
- (d) the Potential Transfer of Controlling Interests to each of Mr Chua Kim Hua and Ms Chua Eng Eng arising from the allotment and issuance of Excess Rights Shares, if available, being approved by the Independent Shareholders at the EGM;
- (e) the Whitewash Resolution being approved by the Independent Shareholders at the EGM;
- (f) the lodgement of the OIS, together with all other accompanying documents (if applicable), by the Company in respect of the Rights Issue with the MAS; and
- (g) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue being obtained and not having been revoked or amended before the date of completion of the Rights Issue.

On 28 May 2021, the SGX-ST had given its approval in-principle for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, subject to conditions as set out in Section 2.5 of the Circular. Shareholders should note that the approval in-principle from the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, the Shares, the Rights Issue or the Rights Shares.

On 3 June 2021 (and as updated on 18 June 2021), the SIC had granted the Whitewash Waiver to the Chua Concert Group, subject to conditions as set out in Section 3.3 of the Circular.

The resolutions pertaining to the Rights Issue, Whitewash Resolution and the Potential Transfer of Controlling Interests are inter-conditional upon each other. If any of the resolutions are not approved at the EGM, the Company will not proceed with the Rights Issue.

5. THE WHITEWASH RESOLUTION

- 5.1** Under Rule 14.1 of the Code, where (a) any person who acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30% or more of the voting rights in the company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the company and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% voting rights, he is required to make a mandatory general offer for all the shares in the company which he does not already own or control.

As at the Latest Practicable Date, the Chua Concert Group own, in aggregate, 104,055,089 Shares, representing 29.80% of the issued share capital of the Company.

In view of, in particular, the Irrevocable Undertakings and the Undertaking Shareholders' intention to also subscribe for the Excess Rights Shares, their subscription of the Rights Shares may potentially result in the Chua Concert Group holding an aggregate shareholding interest which is equal to or more than 30% in the Company, and thus trigger the Mandatory Offer Threshold. In such an event, the Chua Concert Group would incur an obligation to make the Mandatory Offer pursuant to Rule 14.1(a) of the Code, unless a Whitewash Waiver is granted by the SIC.

- 5.2** On 3 June 2021 (and as updated on 18 June 2021), the SIC had granted the Whitewash Waiver subject to the satisfaction of certain conditions ("**SIC Conditions**"), the details of which are set out in Section 3.3 of the Circular.

The SIC Conditions include *inter alia* the following:

- (a) the Whitewash Resolution to be approved by a majority of the Independent Shareholders by way of a poll at the EGM, and the Chua Concert Group and parties not independent of them will need to abstain from voting on the Whitewash Resolution;
- (b) the IFA to advise the Independent Shareholders on the Whitewash Resolution; and
- (c) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within 3 months from the date of the SIC letter and the acquisition of the Rights Shares and/or Excess Rights Shares by the Chua Concert Group must be completed within 3 months of the date on the approval of the Whitewash Resolution.

The Independent Shareholders are therefore asked to vote, on a poll, on the Whitewash Resolution as Ordinary Resolution 2 in the Notice of EGM set out in the Circular.

- 5.3 We wish to highlight to the Independent Directors to advise the Independent Shareholders that:**

- (i) by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from the Chua Concert Group at the highest price paid by the Chua Concert Group for the Shares in the past 6 months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code;
- (ii) the subscription of the Rights Shares and Excess Rights Shares by the Undertaking Shareholders, and the subscription of up to their *pro rata* entitlement of the Rights Shares by the Other Chua Concert Parties (excluding CSM) could result in the Chua Concert Group holding Shares carrying over 49% of the voting rights in the Company

based on the enlarged issued share capital of the Company after the Rights Issue and the Chua Concert Group would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

- (iii) the Rights Issue is conditional upon them voting in favour of the Whitewash Resolution. Hence, in the event that the Whitewash Resolution is not approved by the Independent Shareholders at the EGM to be convened, the Rights Issue will not take place.

6. EVALUATION OF THE WHITEWASH RESOLUTION

In our evaluation of the Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Rights Issue;
- (b) the Rights Shares being offered to all entitled Shareholders on a *pro rata* basis;
- (c) assessment of the terms of the Rights Shares;
- (d) financial effects on the Group resulting from the Rights Issue;
- (e) dilution impact of the Rights Issue on the Independent Shareholders; and
- (f) other relevant considerations.

6.1 Rationale for the Rights Issue

It is not within our terms of reference to comment or express an opinion on the merits of the Rights Issue or the future prospects of the Group after the Rights Issue. Nevertheless, we have reviewed the Company's rationale for the Rights Issue as set out in Section 2.9 of the Circular.

We note the following salient points:

- (a) The Company has not undertaken any fund raising exercise in the past 12 months. The Company is undertaking the Rights Issue to strengthen the financial position and capital base of the Group. In view of the current financial circumstances, the Company believes that the Rights Issue will strengthen the Company's balance sheet and allow the Group to be less reliant on external sources of funding, thereby potentially incurring fewer expenses related to external funding, for general corporate activities including funding the growth and expansion (as and when opportunities arise) of the Group's existing business and/or financing of potential strategic joint ventures;
- (b) The Rights Issue will provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares;
- (c) In view of the Irrevocable Undertakings, the Company will raise estimated net proceeds of S\$1.83 million from the Rights Issue, and if all the Rights Shares are subscribed, the net proceeds raised would be approximately S\$6.75 million; and
- (d) The Company intends to use approximately 55% of the net proceeds from the Rights Issue for expansion and growth of existing business and/or financing of potential strategic joint ventures and approximately 45% of the net proceeds from the Rights Issue for general working capital purposes.

6.2 The Rights Shares being offered to entitled Shareholders on a *pro rata* basis

The Rights Shares are being offered on a *pro rata* basis to entitled Shareholders on the basis of one (1) Rights Share for every one (1) existing Share held as at the record date to be

determined. Entitled Shareholders will be at liberty to accept (in full or in part), decline or renounce their rights entitlements (“**Rights**”) and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue i.e. Excess Rights Shares. Entitled Depositors will also be able to trade their Rights on the SGX-ST during the Rights trading period prescribed by the SGX-ST.

Rights Shares that are not validly taken up will be aggregated and used to satisfy excess applications for Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of Excess Rights Shares, preference will be given to entitled Shareholders for the rounding of odd lots, whereas Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of Directors, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

In the case of Foreign Shareholders who are not entitled to the provisional allotments of the Rights Shares, in order to avoid violation of securities legislation applicable in their countries, it is stated in Section 2.7 of the Circular that, if it is practicable to do so, the Company may, at its absolute discretion, arrange for the Rights, which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after the commencement of trading in the Rights. The net proceeds arising from the above will be dealt with in accordance with the terms set out in the OIS to be issued by the Company for the Rights Issue.

Hence, the Independent Shareholders will be entitled to their full *pro rata* allocation to the Rights Issue and are not being prejudiced in the allocation of their applications for Excess Rights Shares.

6.3 Assessment of the terms of the Rights Issue

The Rights Issue is on the basis of 1 for 1, and the Issue Price for each Rights Share is S\$0.02.

As the Rights Issue is on the basis of 1 for 1, no fractional entitlement would arise from the allocation of the Rights entitlement.

In assessing the Issue Price, we have considered the following:

- (a) the historical trading performance of the Shares; and
- (b) comparison of the discount of the Issue Price to the TERP against the salient statistics of selected completed rights issues of shares by companies listed on the SGX-ST.

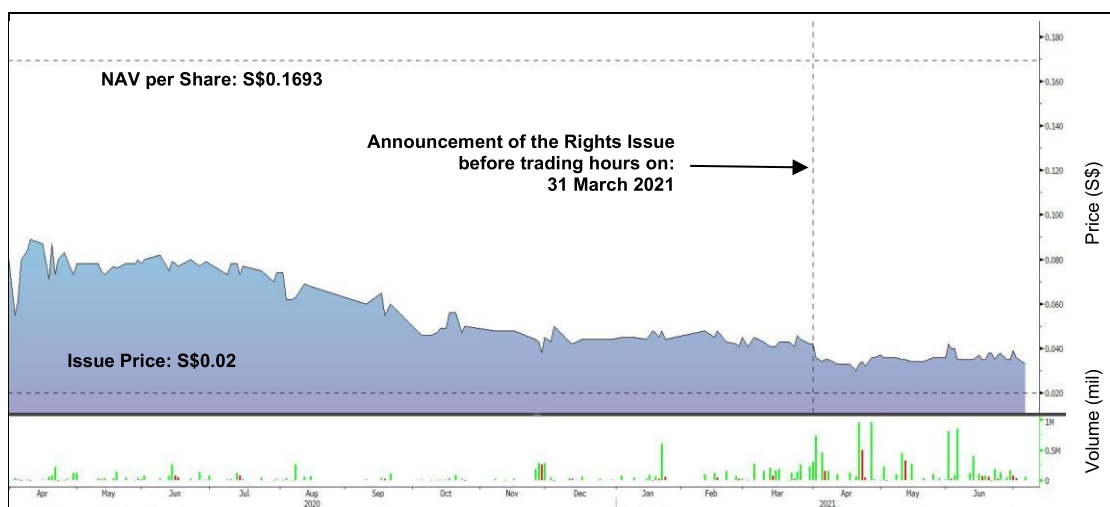
6.3.1 Market quotation and trading activity of the Shares

The Announcement was released before trading hours on 31 March 2021. Accordingly, the last trading day when the Shares were last traded prior to the release of the Announcement is 30 March 2021 (“**Last Trading Day**”).

In assessing the Issue Price, we have compared the Issue Price against the historical market price performance of the Shares and considered the historical Share trading volume from 31 March 2020, being the 1-year period prior to the Last Trading Day, and up to the Latest Practicable Date (“**Period Under Review**”).

Set out below is a chart showing the Issue Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review.

Price movement and trading volume of the Shares
for the Period Under Review



Source: Bloomberg L.P.

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the Period Under Review:

Reference period	Highest traded price (\$)	Lowest traded price (\$)	VWAP ⁽¹⁾ (\$)	Premium/ (Discount) of Issue Price over/ (to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
Up to the Last Trading Day							
Last 1 year	0.089	0.038	0.0536	(62.7)	103	29	0.02
Last 6 months	0.060	0.038	0.0438	(54.3)	52	37	0.02
Last 3 months	0.048	0.040	0.0435	(54.0)	29	54	0.03
Last 1 month	0.046	0.040	0.0426	(53.0)	13	83	0.05
30 March 2021 (being the Last Trading Day)	0.042	0.042	0.0420	(52.4)	1	230	0.14
From the Announcement Date to the Latest Practicable Date							
From 31 March 2021 to Latest Practicable Date	0.048	0.027	0.0360	(44.5)	42	135	0.08
Latest Practicable Date	0.034	0.033	0.0330	(39.4)	1	50	0.03

Source: Bloomberg L.P.

Notes:

- (1) The volume-weighted average price (“VWAP”) for the respective periods are calculated based on the aggregate daily turnover value of the Shares divided by the aggregate daily trading volume of the Shares for the respective periods as extracted from Bloomberg L.P.. Off market transactions (i.e. married deals) are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halt on the Shares) during that period; and

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- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders. For the purposes of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 168.30 million Shares based on the free float of 48.2% as disclosed in the annual report of the Company for FY2020.

Our observations

For the 1-year period up to the Last Trading Day, the Shares had traded to a high of \$0.089 in April 2020 and had since generally declined to a low of S\$0.038 in November 2020. The Shares had closed at S\$0.042 on the Last Trading Day.

The Issue Price of the Rights Shares is at a significant discount to the historical traded prices.

We also note that the Share prices had been trading at significant discounts to the NAV per Share during the 1-year period. The last reported NAV per Share was S\$0.1693 as at 31 March 2021.

Trading liquidity on the Shares is very low and the Shares are often not traded on many market days during the 1-year period.

The Issue Price represents a discount of 35.5% to the TERP of S\$0.031 per Share based on the last transacted price of S\$0.042 on the Last trading Day.

Post Announcement, the Shares had remained stable. As at the Latest Practicable Date, the Shares closed at S\$0.033.

6.3.2 Statistics of selected completed renounceable rights issues of shares

In assessing the Issue Price, we have also looked at the salient statistics of selected SGX-ST listed companies that have carried out rights issues of shares. The basis of our selection are - renounceable rights issues of shares by SGX-ST listed companies (excluding real estate and business trusts) that were announced and completed since 1 January 2020 and up to the Latest Practicable Date ("**Selected Rights Issues**"). There are 9 such Selected Rights Issues.

Shareholders should note that the business activities, size of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation, cash flow requirement, track record, prospects and other relevant criteria of each of the above companies are not identical to the Group. Accordingly, any inference that can be drawn from the comparison of the relevant discounts to TERP of the Selected Rights Issues may not be directly comparable to the Rights Issue and should not be conclusively relied upon.

Name of issuer	Date of announcement	Terms of rights issue	Issue price of rights share (S\$)	Last trading price prior to announcement (S\$)	TERP (S\$)	Premium/ (Discount) to TERP (%)
AGV Group Ltd ⁽¹⁾	21 Feb 2020	5 for 1	0.025	0.027	0.0253	(1.2)
Singapore Airlines Ltd	26 Mar 2020	3 for 2	3.000	6.50	4.400	(31.8)
Sembcorp Marine Ltd	08 Jun 2020	5 for 1	0.200	0.85	0.308	(35.1)
Leader Environmental Technologies Limited	12 Jun 2020	4 for 5	0.015	0.055	0.0372	(59.7)
Matex International Limited ⁽¹⁾	30 Oct 2020	2 for 5	0.027	0.035	0.033	(17.5)
Hong Lai Huat Group Limited	03 Dec 2020	4 for 3	0.091	0.143	0.113	(19.7)
mm2 Asia Ltd.	03 Feb 2021	1 for 1	0.047	0.12	0.0835	(43.7)

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Name of issuer	Date of announcement	Terms of rights issue	Issue price of rights share (S\$)	Last trading price prior to announcement (S\$)	TERP (S\$)	Premium/ (Discount) to TERP (%)
Frasers Property Limited	10 Feb 2021	37 for 100	1.180	1.24	1.224	(3.6)
Amos Group Limited	23 Mar 2021	3 for 8	0.0135	0.019	0.0175	(23.0)

High	(1.2)
Low	(59.7)
Mean	(26.1)
Median	(23.0)

Company	31 Mar 2021 (Announcement Date)	1 for 1	0.02	0.042	0.031	(35.5)
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Source: Respective announcements and public documents of the above companies, the SGX-ST website and Bloomberg L.P.

Note:

(1) These are companies listed on the Catalist.

As observed from the above statistics, the discounts to TERP of the Selected Rights Issues are wide, ranging from 1.2% to 59.7%, with mean and median discounts of 26.1% and 23.0% respectively.

In comparison, the Issue Price for the Rights Shares, which is at a discount of 35.5% to the TERP, is within the range of the statistics of the Selected Rights Issues, but higher than the mean and median discounts of the Selected Rights Issues.

6.4 Financial effects on the Group resulting from the Rights Issue

Details on the financial effects of the Rights Issue are set out in Section 2.13 of the Circular which are based on the unaudited consolidated financial statements of the Group for FY2021 and various assumptions. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Group after the completion of the Rights Issue.

In summary, we note the following:

(a) *Issued share capital of the Company*

The Rights Issue, if fully subscribed, will result in doubling the number of issued Shares. The issued share capital of the Company will be strengthened and increased by the net proceeds raised from the Rights Issue.

(b) *NAV per Share*

Likewise, the NAV of the Group will also increase by the amount of the net proceeds raised from the Rights Issue.

However, there will be a significant dilution to the enlarged NAV per Share after the Rights Issue as the Issue Price of S\$0.02 is at a significant discount to the NAV per Share as at 31 March 2021.

(c) *Loss per Share*

On an enlarged basis, the loss per Share immediately after the Rights Issue will be lower due to the increase in the number of issued Shares.

The future effect of the Rights Issue on the Group’s earnings or losses (if any) will depend on the returns from the deployment of the net proceeds from the Rights Issue and is not likely to be determinable at this point in time.

(d) *Debt-equity ratio*

The debt-equity ratio of the Group will improve due to the increase in shareholders’ equity following the completion of the Rights Issue.

6.5 Dilution impact of the Rights Issue on the Independent Shareholders

6.5.1 As at the Latest Practicable Date, the Company has 349,176,870 issued Shares. In connection with the Rights Issue, the Company may issue up to 349,176,870 Rights Shares.

If Shareholders subscribe for their *pro rata* entitlements to the Rights Shares in full, their respective shareholding interests in the Company before and after the Rights Issue will not change, and Shareholders will not suffer any dilution impact on their shareholding interests in the Company after the Rights Issue.

However, if a Shareholder does not subscribe or subscribe to less than his *pro rata* entitlement to the Rights Shares, he will suffer a dilution impact on his shareholding interest after the completion of the Rights Issue, as his entitled provisional allotment of the Rights Shares which he has not subscribed (in part or in full) will be made available for those who have applied for Excess Rights Shares.

We have considered various scenarios on the level of subscription of the Rights Shares by (a) the Chua Concert Group, (b) the controlling Shareholder namely MHHL, and (c) the remaining Independent Shareholders, and the impact on their respective shareholding interests in the Company on an enlarged basis.

On the assumption that the Whitewash Resolution is approved by Independent Shareholders, the Undertaking Shareholders would subscribe to their *pro rata* entitlements pursuant to their Irrevocable Undertakings and may also subscribe for up to 145 million Excess Rights Shares, if available, based on their expressed intentions and the Indicative Proportions. The Other Chua Concert Parties (excluding CSM) may also subscribe to their *pro rata* entitlement of the Rights Shares based on their expressed intentions.

Accordingly, there are scenarios where the subscription by the Chua Concert Group would result in them acquiring majority control of the Company and/or will result in a significant dilution impact on the shareholding interest of the Independent Shareholders after the Rights Issue if these Independent Shareholders do not subscribe to the Rights Shares.

6.5.2 The selected scenarios of the subscription levels by various parties are described in the table below:

Selected Scenarios	Description	Gross proceeds raised
Scenario 1 (status-quo scenario)	<ul style="list-style-type: none"> • All Shareholders subscribe to their <i>pro rata</i> entitlements of the Rights Shares in full 	S\$7.0 million

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Selected Scenarios	Description	Gross proceeds raised
Scenario 2A	<ul style="list-style-type: none"> The Undertaking Shareholders subscribe to their <i>pro rata</i> entitlements of the Rights Shares pursuant to their Irrevocable Undertakings; Other Chua Concert Parties (excluding CSM) subscribe to their <i>pro rata</i> entitlements of the Rights Shares in full; and All Independent Shareholders, including MHHL, do not subscribe to the Rights Shares. 	S\$2.1 million
Scenario 2B	<ul style="list-style-type: none"> As per Scenario 2A, except that MHHL, as a controlling Shareholder, subscribes to its <i>pro rata</i> entitlements of the Rights Shares in full. 	S\$3.6 million
Scenario 3A ("Maximum Control Scenario")	<ul style="list-style-type: none"> The Undertaking Shareholders subscribe to their <i>pro rata</i> entitlements of the Rights Shares in full and also collectively subscribe for 145,000,000 Excess Rights Shares; Other Chua Concert Parties (excluding CSM) subscribe to their <i>pro rata</i> entitlements of the Rights Shares in full; and All Independent Shareholders, including MHHL, do not subscribe to the Rights Issue. 	S\$5.0 million
Scenario 3B ("Maximum Dilution Scenario")	<ul style="list-style-type: none"> As per Scenario 3A, except that MHHL, as a controlling Shareholder, subscribes to its <i>pro rata</i> entitlements of the Rights Shares in full. 	S\$6.5 million

The dilution impact on the Independent Shareholders under the different scenarios are set out in the tables below:

Scenario 1 – *pro rata* subscription by all Shareholders

	Before the Rights Issue as at the Latest Practicable Date		Rights Issue	After the Rights Issue	
	No. of Shares	% shareholding interest	No. of Shares	No. of Shares	% shareholding interest
Undertaking Shareholders	102,937,901	29.48	102,937,901	205,875,802	29.48
Other Chua Concert Parties	1,117,188	0.32	1,117,188	2,234,376	0.32
Chua Concert Group	104,055,089	29.80	104,055,089	208,110,178	29.80
MHHL	76,875,000	22.02	76,875,000	153,750,000	22.02
Other Independent Shareholders	168,246,781	48.18	168,246,781	336,493,562	48.18
Total	349,176,870	100.00	349,176,870	698,353,740	100.00

Under this illustrative scenario, all entitled Shareholders will subscribe to their respective *pro rata* entitlements of the Rights Shares in full. Hence, the shareholding interests of Shareholders will remain unchanged before and after the Rights Issue.

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Scenario 2A – Only the Undertaking Shareholders and Other Chua Concert Parties (excluding CSM) subscribe to their *pro rata* entitlements

	Before the Rights Issue as at the Latest Practicable Date		Rights Issue	After the Rights Issue	
	No. of Shares	% shareholding interest	No. of Shares	No. of Shares	% shareholding interest
Undertaking Shareholders	102,937,901	29.48	102,937,901	205,875,802	45.43
Other Chua Concert Parties	1,117,188	0.32	1,067,188	2,184,376	0.48
Chua Concert Group	104,055,089	29.80	104,005,089	208,060,178	45.91
MHHL	76,875,000	22.02	-	76,875,000	16.96
Other Independent Shareholders	168,246,781	48.18	-	168,246,781	37.13
Total	349,176,870	100.00	104,005,089	453,181,959	100.00

Under this Scenario 2A, only the Undertaking Shareholders and Other Chua Concert Parties (excluding CSM) will subscribe to their *pro rata* entitlements of the Rights Shares in full. As there will be a significant shortfall in subscription of the Rights Issue, the Company will raise only the minimum gross proceeds of S\$2.1 million from the Rights Issue.

Under this Scenario 2A, the Chua Concert Group will have their aggregate shareholding interests increase from 29.80% to 45.91% immediately after the Rights Issue.

All Independent Shareholders, including MHHL, will have their shareholding interests diluted after the Rights Issue.

Scenario 2B – As per Scenario 2A, except that MHHL, as a controlling Shareholder, subscribes to its *pro rata* entitlements of the Rights Shares in full.

	Before the Rights Issue as at the Latest Practicable Date		Rights Issue	After the Rights Issue	
	No. of Shares	% shareholding interest	No. of Shares	No. of Shares	% shareholding interest
Undertaking Shareholders	102,937,901	29.48	102,937,901	205,875,802	38.84
Other Chua Concert Parties	1,117,188	0.32	1,067,188	2,184,376	0.41
Chua Concert Group	104,055,089	29.80	104,005,089	208,060,178	39.25
MHHL	76,875,000	22.02	76,875,000	153,750,000	29.01
Other Independent Shareholders	168,246,781	48.18	-	168,246,781	31.74
Total	349,176,870	100.00	180,880,089	530,056,959	100.00

Under this Scenario 2B, only the Undertaking Shareholders, Other Chua Concert Parties (excluding CSM) and MHHL will subscribe to their *pro rata* entitlements of the Rights Shares in

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full. There is still a significant shortfall in subscription of the Rights Issue and the Company will raise gross proceeds of S\$3.6 million from the issue of Rights Shares.

Under this Scenario 2B, the Chua Concert Group will have their aggregate shareholding interests increase from 29.80% to 39.25% immediately after the Rights Issue.

MHHL will have its shareholding interest increase from 22.02% to 29.01% while the shareholding interest of the remaining Independent Shareholders will be diluted from 48.18% to 31.74% immediately after the Rights Issue.

Scenario 3A – Only the Undertaking Shareholders and Other Chua Concert Parties (excluding CSM) subscribe to their *pro rata* entitlements and the Undertaking Shareholders also collectively subscribe to the 145,000,000 Excess Rights Shares (Maximum Control Scenario)

	Before the Rights Issue as at the Latest Practicable Date		Rights Issue	After the Rights Issue	
	No. of Shares	% shareholding interest	No. of Shares	No. of Shares	% shareholding interest
Undertaking Shareholders	102,937,901	29.48	247,937,901	350,875,802	58.66
Other Chua Concert Parties	1,117,188	0.32	1,067,188	2,184,376	0.37
Chua Concert Group	104,055,089	29.80	249,005,089	353,060,178	59.02⁽¹⁾
MHHL	76,875,000	22.02	-	76,875,000	12.85
Other Independent Shareholders	168,246,781	48.18	-	168,246,781	28.13
Total	349,176,870	100.00	249,005,089	598,181,959	100.00

Note:

(1) Does not add up due to rounding.

Under this Scenario 3A, only the Undertaking Shareholders and Other Chua Concert Parties (excluding CSM) will subscribe to their *pro rata* entitlements of the Rights Shares in full and the Undertaking Shareholders will also collectively subscribe to 145,000,000 Excess Rights Shares. As the Rights Issue will be approximately 71% subscribed, the Company will raise gross proceeds of S\$5.0 million from the Rights Issue.

Under this Scenario 3A, which is the Maximum Control Scenario, the Chua Concert Group will have their aggregate shareholding interests in the Company increase from 29.80% to 59.02% immediately after the Rights Issue, and the Chua Concert Group would have acquired majority control of the Company.

The Independent Shareholders will face a shareholding dilution impact arising from the Rights Issue as they do not subscribe to the Rights Shares under this Scenario 3A. In particular, the shareholding interest of MHHL will be diluted from 22.02% to 12.85% and will cease to be a controlling Shareholding, while the remaining Independent Shareholders will have their aggregate shareholding interests diluted from 48.18% to 28.13% immediately after the Rights Issue.

Scenario 3B – As per Scenario 3A, except that MHHL, as a controlling Shareholder, subscribes to its pro rata entitlements of the Rights Shares in full (Maximum Dilution Scenario)

	Before the Rights Issue as at the Latest Practicable Date		Rights Issue	After the Rights Issue	
	No. of Shares	% shareholding interest	No. of Shares	No. of Shares	% shareholding interest
Undertaking Shareholders	102,937,901	29.48	247,937,901	350,875,802	51.98
Other Chua Concert Parties	1,117,188	0.32	1,067,188	2,184,376	0.32
Chua Concert Group	104,055,089	29.80	249,005,089	353,060,178	52.30
MHHL	76,875,000	22.02	76,875,000	153,750,000	22.78
Other Independent Shareholders	168,246,781	48.18	-	168,246,781	24.92
Total	349,176,870	100.00	325,880,089	675,056,959	100.00

Under this Scenario 3B, only the Undertaking Shareholders, Other Chua Concert Parties (excluding CSM) and MHHL will subscribe to their *pro rata* entitlements of the Rights Shares in full, and the Undertaking Shareholders will also collectively subscribe to 145 million Excess Rights Shares. As the Rights Issue will be approximately 93% subscribed, the Company will raise gross proceeds of S\$6.5 million from the Rights Issue.

Under this Scenario 3B, the Chua Concert Group will have their aggregate shareholding interests increase from 29.80% to 52.30% immediately after the Rights Issue, and the Chua Concert Group would have acquired majority control of the Company.

As MHHL subscribes to its full entitlement to the Rights Shares, its shareholding interest will increase slightly from 22.02% to 22.78%, whereas the remaining Independent Shareholders will face the maximum dilution in their aggregate shareholding interest in the Company if they do not subscribe to the Rights Shares under this Scenario 3B. The aggregate shareholding interest of these remaining Independent Shareholders will be diluted from 48.18% to 24.92% immediately after the Rights Issue.

6.5.3 Shareholding interests of the Undertaking Shareholders

The Undertaking Shareholders have (a) undertaken to subscribe to their *pro rata* entitlements to the Rights Shares in full and (b) expressed their intentions to subscribe for up to 145 million Excess Rights Shares, if available, in accordance with the Indicative Proportions. Accordingly, (i) each of Mr Chua Kim Hua and Ms Chua Eng Eng may have his/her shareholding interest increase to 15% or more of the enlarged share capital of the Company and (ii) the relative shareholding interests among the 3 Undertaking Shareholders may differ significantly before and after the Rights Issue.

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Illustration A

As an illustration, assuming only the Undertaking Shareholders and Other Chua Concert Parties (excluding CSM) subscribe to their *pro rata* entitlements to the Rights Shares and no other Independent Shareholders subscribe to the Rights Shares as in Scenario 2A, the shareholding interests of each of the 3 Undertaking Shareholders after the Rights Issue would be as follows:

	Before the Rights Issue as at the Latest Practicable Date		Rights Issue	After the Rights Issue	
	No. of Shares	% shareholding interest ⁽¹⁾	No. of Shares	No. of Shares	% shareholding interest ⁽²⁾
Mr Chua Kim Hua	44,113,319	12.63	44,113,319	88,226,638	19.47
Ms Chua Eng Eng	36,576,906	10.48	36,576,906	73,153,812	16.14
Mr Chua Hai Kuey	22,247,676	6.37	22,247,676	44,495,352	9.82
Undertaking Shareholders	102,937,901	29.48	102,937,901	205,875,802	45.43

Notes:

- (1) Based on the existing issued and paid-up share capital of the Company comprising 349,176,870 Shares; and
(2) Based on an enlarged share capital of the Company comprising 453,181,959 Shares.

Based on the above, the relative shareholding proportions among the 3 Undertaking Shareholders, namely Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey, would remain the same at approximately 43 : 35 : 22 even though their aggregate shareholding interest in the Company has increased from 29.48% to 45.43% after the Rights Issue.

In addition, Mr Chua Kim Hua and Ms Chua Eng Eng would each become a controlling Shareholder as their percentage shareholding interests in the Company have each exceeded 15%.

Illustration B

Assuming the Undertaking Shareholders and Other Chua Concert Parties (excluding CSM) subscribe to their *pro rata* entitlements to the Rights Shares and the Undertaking Shareholders also subscribe to the 145 million Excess Rights Shares in accordance with the Indicative Proportions (similar to Scenario 3A), the shareholding interests of the 3 Undertaking Shareholders after the Rights Issue based on the enlarged share capital comprising 598,181,959 Shares are shown in the table below:

	Before the Rights Issue as at the Latest Practicable Date		After the Rights Issue	
	No. of Shares	% shareholding interest ⁽¹⁾	No. of Shares	% shareholding interest ⁽²⁾
Mr Chua Kim Hua	44,113,319	12.63	91,126,638	15.23
Ms Chua Eng Eng	36,576,906	10.48	208,003,812	34.77
Mr Chua Hai Kuey	22,247,676	6.37	51,745,352	8.65
Undertaking Shareholders	102,937,901	29.48	350,875,802	58.66⁽³⁾

Notes:

- (1) Based on the existing issued and paid-up share capital of the Company comprising 349,176,870 Shares;
(2) Based on an enlarged issued and paid-up share capital of the Company comprising 598,181,959 Shares; and
(3) Does not add up due to rounding.

The relative shareholding proportions among the 3 Undertaking Shareholders would change from 43 : 35 : 22 to 26 : 59 : 15, with Ms Chua Eng Eng as the single largest Controlling Shareholder. However, Ms Chua Eng Eng and her father, Mr Chua Kim Hua, remain as the immediate family holding the largest controlling stake in the Company.

Under this scenario, Mr Chua Kim Hua and Ms Chua Eng Eng would each become a controlling shareholder. Hence, the Company is seeking Shareholders' approval for the Proposed Transfer of Controlling Interests for each of Mr Chua Kim Hua and Ms Chua Eng Eng as a result of them subscribing for the Rights Shares and Excess Rights Shares.

6.6 Other relevant considerations

6.6.1 The Rights Issue, the Whitewash Resolution and the Potential Transfer of Controlling Interests being inter-conditional upon each other

The Rights Issue, the Whitewash Resolution and the Potential Transfer of Controlling Interests are subject to Shareholders' approval at the forthcoming EGM and are inter-conditional upon each other being approved. If any one of the resolutions is not approved by the Shareholders at the EGM, the Rights Issue will not proceed and the Company will not be able to achieve its fund raising objectives.

As a condition of the SIC approval for the Whitewash Waiver, the Chua Concert Group and parties not independent of them will have to abstain from voting on the Whitewash Resolution. Hence, the Whitewash Resolution will only be voted on by the Independent Shareholders.

Independent Shareholders should note that the Whitewash Waiver, if approved at the forthcoming EGM, will waive the requirement of the Chua Concert Group from making the general offer for all the remaining Shares at the highest price paid or agreed to be paid by the Chua Concert Group for the Shares in the last six months preceding the commencement of the offer. As the Chua Concert Group had not acquired any Shares in the preceding six months, the offer price to be made by the Chua Concert Group, if a hypothetical Mandatory Offer is to be made, will be at S\$0.02 for each Share.

Independent Shareholders should also note that the issue of the Rights Shares may result in the Chua Concert Group holding over 49% of the enlarged issued share capital. In such a circumstance, the Chua Concert Group can thereafter be free to acquire further Shares without incurring any Mandatory Offer obligations.

In addition, as the Chua Concert Group is deemed interested in the Potential Transfer of Controlling Interests, they will also need to abstain from voting on the resolution pertaining to this matter.

To rely on the Whitewash Waiver, the Whitewash Resolution must be obtained within 3 months from the date of the SIC letter and the Rights Issue must be completed within 3 months from the date of the EGM.

6.6.2 Support from the Undertaking Shareholders for the Rights Issue

The Undertaking Shareholders have each given their respective Irrevocable Undertakings to the Company that they will subscribe for their *pro rata* rights entitlements to the Rights Shares in full. In addition, they have expressed their intentions to subscribe for up to 145,000,000 Excess Rights Shares, if available. We believe that this underscores their support for the Rights Issue and demonstrates their commitment to and confidence in the prospects of the Group.

The Undertaking Shareholders presently hold the single largest shareholding block in the Company and also hold executive directorships in the Company.

On the assumption that the Whitewash Resolution is passed by the Independent Shareholders at the EGM, the Chua Concert Group may acquire shareholding interest in the enlarged

Company in excess of 50% under various scenarios. They will thereafter be able to pass all ordinary resolutions proposed by the Company at shareholders' general meetings, other than resolutions in relation to interested person transactions where the Chua Concert Group are deemed as interested persons and will have to abstain from voting on these proposed transactions pursuant to the Listing Manual.

6.6.3 Commentary by the Company in its business outlook

On 27 May 2021, the Company made the following commentary in relation to its business outlook in its latest results announcement for FY2021:

“The Singapore construction sector has been adversely affected since the onset of COVID-19 situation early 2020. According to press release issued by Singapore Ministry of Trade and Industry on 15 February 2021, for the whole of 2020, the Singapore economy contracted by 5.4%, a reversal from the 1.3% growth recorded in 2019. In particular, the construction sector shrank by 35.9%, a sharp retraction from the 1.6% growth posted in 2019, weighed down by weakness in both public sector and private sector construction works. While the construction sector is projected to recover from the low base last year, activity levels at construction worksites will continue to be dampened by the requirement for safe management measures. The recovery in output is also expected to be slow due to the plunge in contracts awarded for construction works in 2020.

With prolonged manpower crunch and increasing cost of materials, we expect the Mechanical and Electrical (M&E) business segment to be challenging in the next 12 months and face pressures from rising cost and uncertainties over economic recovery. Based on order books secured, the M&E business will remain the core business for the Group. The M&E business and the rental of portable lavatories will continue to generate income streams for the Group.

As at the date of this Announcement, the Group has approximately S\$156.9 million worth of M&E engineering contracts on hand. The Group will continue to be vigilant and maintain sufficient liquidity to meet its obligations.”

7. OUR OPINION

In arriving at our opinion in respect of the Whitewash Resolution, we have reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment:

- (a) rationale for the Rights Issue;
- (b) the Rights Shares being offered to all entitled Shareholders on a *pro rata* basis;
- (c) assessment of the terms of the Rights Shares;
- (d) financial effects on the Group resulting from the Rights Issue;
- (e) dilution impact of the Rights Issue on the Independent Shareholders; and
- (f) other relevant considerations.

Overall, based on our analysis and after having considered carefully the information available to us, we are of the view that the terms of the Rights Issue are fair and reasonable, and the Whitewash Resolution, when considered in the context of the Rights Issue, is not prejudicial to the interest of the Independent Shareholders.

Our opinion, as disclosed in this Letter, is based on publicly available information and information provided by the Directors and Management and does not reflect any projections of future financial performance of the Company and/or the Group after the completion of the Rights Issue. In addition, our opinion is based on the economic and market conditions prevailing

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as at the Latest Practicable Date and is solely confined to our views on the Whitewash Resolution.

Our opinion is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Whitewash Resolution. The recommendation to be made by them to the Independent Shareholders shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose, other than for the purpose of the EGM, and for the purpose of the Whitewash Resolution, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

APPENDIX B – FINANCIAL INFORMATION OF THE GROUP

1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited consolidated income statements of the Group for FY2018 (i.e. for the financial year ended 31 March 2018), FY2019 (i.e. for the financial year ended 31 March 2019) and FY2020 (i.e. for the financial year ended 31 March 2020) and the unaudited consolidated income statements of the Group for FY2021 (i.e. for the financial year ended 31 March 2021) are set out below:

	Audited FY2018	Audited FY2019	Audited FY2020	Unaudited FY2021
	\$'000	\$'000	\$'000	\$'000
Revenue	81,844	79,321	72,398	45,906
Cost of sales	(73,312)	(71,017)	(63,121)	(42,891)
Gross profit	8,532	8,304	9,277	3,015
Other operating income	2,156	2,022	2,214	1,872
Administrative expenses	(6,527)	(6,436)	(5,838)	(4,630)
Other operating expenses	(99)	(49)	(85)	(119)
Share of profit of associates and joint venture	193	578	139	161
(Loss allowance) Reversal on trade receivables, other receivables and contract assets	(7,025)	78	(2,970)	(761)
Finance costs	(873)	(1,171)	(1,504)	(942)
(Loss) Profit before income tax	(3,643)	3,326	1,233	(1,404)
Income tax expense	(1,205)	(953)	(813)	(85)
(Loss) Profit for the year	(4,848)	2,373	420	(1,489)
Other comprehensive (loss) profit				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Net fair value (loss) gain in equity securities carried at fair value through other comprehensive income ("FVTOCI")	(1,554)	(1,696)	(14,589)	5,024
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	250	(319)	155	(177)
Other comprehensive (loss) profit for the year	(1,304)	(2,015)	(14,434)	4,847
Total comprehensive (loss) income for the year	(6,152)	358	(14,014)	3,358

APPENDIX B – FINANCIAL INFORMATION OF THE GROUP

	Audited FY2018 \$'000	Audited FY2019 \$'000	Audited FY2020 \$'000	Unaudited FY2021 \$'000
(Losses) Earnings per share (cents)				
Basic and diluted	(1.39)	0.68	0.12	(0.43)

A review of the operations, business and financial performance of the Group for the relevant periods is set out below:

FY2019 vs FY2018

The Group's revenue for FY2019 recorded S\$79.3 million, a 3.0% decrease compared to FY2018 due to comparatively lower volume of ongoing Mechanical & Electrical ("**M&E**") construction projects. Gross profit margin for FY2019 was 10.5%, which was slightly higher than the 10.4% achieved in FY2018 as a result of profits of certain projects with relatively higher margin being recognised in the current year.

Other operating income of S\$2.0 million for FY2019 was lower than S\$2.2 million recorded in FY2018, taking into account the gain on disposal of older fleet of motor vehicles in FY2018. Share of profit of associates and joint venture of S\$0.6 million was higher than S\$0.2 million recorded in FY2018 due to higher recognition of share of profit from its investment in Singapore residential development project.

Impairment loss recognised on financial assets of S\$7.0 million for FY2018 was due to loss allowance made for loans to an associate operating a workers' dormitory in Singapore and another associate involved in property development in the People's Republic of China ("**PRC**"). No such loss allowance was made in FY2019.

Finance costs of S\$1.2 million for FY2019 was higher than S\$0.9 million recorded in FY2018 was due to increase in effective borrowing interest rate.

Lower effective tax rate in FY2019 compared to FY2018 was due to share of profit of associates and joint venture that was not taxable.

The Group's net profit after income tax for FY2019 was S\$2.4 million, compared to net loss of S\$4.8 million for FY2018. This was mainly due to absence of additional loss allowance made for loans to associates and a higher share of profit of associates and joint venture, partially offset by an increase in finance costs.

FY2020 vs FY2019

The Group's revenue for FY2020 recorded S\$72.4 million, a 8.7% decrease compared to FY2019 due to comparatively lower volume of ongoing M&E construction projects. Gross profit margin for FY2020 was 12.8%, which was higher than 10.5% achieved in FY2019. The increase in gross profit margin was mainly due to finalisation of variation orders for a construction project relating to plumbing and sanitary services.

Other operating income of S\$2.2 million for FY2020 was higher than S\$2.0 million recorded in FY2019, taking into account the gain on disposal of certain older motor vehicles in FY2020.

Administrative expenses of S\$5.8 million for FY2020 was lower than S\$6.4 million recorded in FY2019 mainly due to decrease in directors' remuneration and staff related expenses.

Impairment loss recognised on financial assets of S\$3.0 million for FY2020 was due to loss allowance made for loans made to associates involved in property development in the PRC, as well as loss allowance made for trade receivables due from certain sub-contractors as the Group had experienced difficulties in recovering these trade receivables from them. These trade receivables are mainly made

APPENDIX B – FINANCIAL INFORMATION OF THE GROUP

up of back-charges of materials and labour costs incurred for M&E construction projects. The impairment loss was partially offset against net reversal for loss allowance on trade receivables due from the customers as a result of improved collection.

Finance costs of S\$1.5 million for FY2020 was higher than S\$1.2 million recorded in FY2019 was due to increase in effective borrowing interest rate.

Higher effective tax rate in FY2020 compared to FY2019 was mainly due to loss allowance for loans to associates that were not tax deductible.

The Group's net profit after income tax for FY2020 was S\$0.4 million, compared to S\$2.4 million in FY2019. This was mainly due to loss allowance made for loans to associates in relation to the property development in the PRC and increase in finance costs, partially offset by the increase in gross profit.

Net fair value loss in equity securities carried at FVTOCI of S\$14.6 million recorded in FY2020 was due to a significant reduction in value in investment in quoted equity shares of Kaset Thai International Sugar Corporation Public Company Limited ("KTIS") listed on Thailand Stock Exchange as its quoted closing market price decreased to THB 2.88 per share as at 31 March 2020 from THB 5.90 as at 31 March 2019.

FY2021 vs FY2020

The Group's revenue for FY2021 recorded S\$45.9 million, a 36.6% decrease compared to FY2020 as a result of Circuit Breaker measures taken by the Singapore government due to the COVID-19 pandemic.

Gross profit margin for FY2021 was 6.6%, which was lower than the 12.8% achieved in FY2020. The decrease in gross profit margin was mainly due to operating losses arising from the halt of construction activities during the Circuit Breaker and increase in construction costs for certain projects as a result of the COVID-19 pandemic, as well as lesser variation orders recognised as revenue. This was partially offset by the increase in demand for portable lavatories in FY2021.

Other operating income of S\$1.9 million for FY2021 was lower than S\$2.2 million recorded in FY2020 was mainly due to lower occupancy rate for workers' dormitory and lower interest income from loans to associates and joint venture. This was partially offset by the higher gain on disposal of property plant and equipment due to the sale of modified portable lavatories whereby the Group modified portable lavatories by tapping on its M&E skills to install shower unit and wash basin which met the current market demand at affordable cost in FY2021.

Administrative expenses of S\$5.0 million for FY2021 was lower than S\$5.8 million recorded in FY2020 was mainly due to decrease in directors' fee, directors' remuneration and staff related expenses, as well as decrease in loss allowance made for trade and other receivables, and contract assets.

Finance costs of S\$0.9 million for FY2021 was lower than S\$1.5 million recorded in FY2020 was due to decrease in effective borrowing interest rate.

The Group's net loss after income tax for FY2021 was S\$1.5 million, compared to net profit after income tax of S\$0.4 million in FY2020. This was mainly due to lower gross profit achieved.

Net fair value gain in equity securities carried at FVTOCI of S\$5.0 million recorded in FY2021 was due to a significant increase in value in investment in quoted equity shares of KTIS as its quoted closing market price increased to THB 3.92 per share as at 31 March 2021 from THB 2.88 per share as at 31 March 2020.

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2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The audited consolidated statement of financial position of the Group as at 31 March 2020, 31 March 2019 and 31 March 2018 and unaudited consolidated statement of financial position of the Group as at 31 March 2021 are set out below:

	Audited	Audited	Audited	Unaudited
	FY2018	FY2019	FY2020	FY2021
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	8,525	4,988	8,197	11,130
Trade receivables	9,967	7,810	5,322	10,359
Other receivables and prepayments	12,090	6,441	6,895	6,661
Held-for-trading investments	295	288	203	157
Inventories	954	960	951	1,203
Contract assets	21,357	24,404	25,301	22,746
Total current assets	53,188	44,891	46,869	52,256
Non-current assets				
Other receivables	35,708	40,117	42,535	38,021
Property, plant and equipment	5,004	4,230	2,092	2,017
Right-of-use assets	-	-	2,810	2,334
Investment in associates and joint venture	3,483	3,650	3,792	3,953
Investments	30,402	28,720	14,149	19,167
Deferred tax assets	161	290	222	500
Total non-current assets	74,758	77,007	65,600	65,992
Total assets	127,946	121,898	112,469	118,248
Current liabilities				
Bank borrowings	18,033	14,616	14,713	10,867
Contract liabilities	3,802	823	158	1,728
Trade payables and bill payables	28,622	31,144	35,321	36,036
Other payables	1,989	1,960	1,870	1,695
Lease liabilities	-	-	511	522
Current portion of finance leases	276	274	-	-
Provision for liabilities	1,231	1,154	1,553	2,321
Income tax payable	1,123	836	992	934
Total current liabilities	55,076	50,807	55,118	54,103
Non-current liabilities				
Bank borrowings	2,666	750	-	3,958
Lease liabilities	-	-	1,606	1,084

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	Audited	Audited	Audited	Unaudited
	FY2018	FY2019	FY2020	FY2021
	\$'000	\$'000	\$'000	\$'000
Finance leases	803	582	-	-
Total non-current liabilities	3,469	1,332	1,606	5,042
Capital and reserves				
Share capital	46,814	46,814	46,814	46,814
Retained earnings	35,953	38,326	38,746	37,257
Foreign currency translation reserve	250	(69)	86	(91)
Investment revaluation reserve	(13,616)	(15,312)	(29,901)	(24,877)
Total equity	69,401	69,759	55,745	59,103
Total liabilities and equity	127,946	121,898	112,469	118,248

A review of the financial positions of the Group for the relevant financial periods is set out below:

As at 31 March 2019 vs 31 March 2018

The Group's equity base stood at S\$69.8 million as at 31 March 2019, an increase from S\$69.4 million as at 31 March 2018.

Total current assets amounted to S\$44.9 million as at 31 March 2019, lower than the S\$53.2 million as at 31 March 2018. The decrease was mainly due to the collection of trade receivables and decrease in cash and cash equivalents to repay bank borrowings and trade payables during the current year.

Non-current assets increased to S\$77.0 million as at 31 March 2019 from S\$74.8 million as at 31 March 2018. The increase was mainly due to net advances of loans to associates and joint venture, as well as accrual of interest income on loans to associates and joint venture, which was partially offset by the decrease in net fair value of investment in equity securities carried at FVTOCI during the current year.

Current liabilities decreased to S\$50.8 million as at 31 March 2019 from S\$55.1 million as at 31 March 2018 mainly due to repayment of bank borrowings and trade payables during the current year.

Non-current liabilities decreased to S\$1.3 million as at 31 March 2019 from S\$3.5 million as at 31 March 2018 mainly due to repayments of term loans and finance leases during the current year.

The debt-equity ratio decreased to 0.52 as at 31 March 2019 as compared to 0.56 as at 31 March 2018 due to net repayment of bank borrowings and finance leases during the current year.

As at 31 March 2020 vs 31 March 2019

The Group's equity base stood at S\$55.7 million as at 31 March 2020, a decrease from S\$69.8 million as at 31 March 2019.

Total current assets amounted to S\$46.9 million as at 31 March 2020, higher than the S\$44.9 million as at 31 March 2019. The increase was mainly due to the increase in cash and cash equivalents, which was partially offset by decrease in trade receivables as a result of subsequent collection.

Non-current assets decreased to S\$65.6 million as at 31 March 2020 from S\$77.0 million as at 31 March 2019. The decrease was mainly due to net fair value loss on investment in equity securities carried at FVTOCI, which was partially offset by net advances of loans to associates and joint venture, as well as accrual of interest income on these loans during the year.

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Current liabilities increased to S\$55.1 million as at 31 March 2020 from S\$50.8 million as at 31 March 2019 mainly due to increase in trade payables, which was partially offset by repayment of bank borrowings and bills payables during the year.

Non-current liabilities increased to S\$1.6 million as at 31 March 2020 from S\$1.3 million as at 31 March 2019 due to remaining lease payments on rental of land spaces discounted using the Group's incremental borrowing rate being recognised as lease liabilities and amortised over the lease term. This was partially offset by repayments of term loans during the year.

The debt-equity ratio increased to 0.63 as at 31 March 2020 as compared to 0.52 as at 31 March 2019 was due to lower equity base as a result of net fair value loss on investment in equity securities carried at FVTOCI.

As at 31 March 2021 vs 31 March 2020

The Group's equity base stood at S\$59.1 million as at 31 March 2021, an increase from S\$55.7 million as at 31 March 2020.

Total current assets amounted to S\$52.3 million as at 31 March 2021, higher than the S\$46.9 million as at 31 March 2020. The increase was mainly due to increase in cash and cash equivalents as a result of net repayment of loans by associates and joint venture, and net increase in trade receivables and contract assets as a result of more construction works being carried out during the end of the current year.

Non-current assets increased to S\$66.0 million as at 31 March 2021 from S\$65.6 million as at 31 March 2020. The increase was mainly due to net fair value gain on investment in equity securities carried at FVTOCI and accrual of interest income on loans to associates and joint venture. This was partially offset by the net repayment of loans by associates and joint venture.

Current liabilities decreased to S\$54.1 million as at 31 March 2021 from S\$55.1 million as at 31 March 2020. The decrease was mainly due to net repayment of bank borrowings. This was partially offset by increase in trade payables and contract liabilities as a result of more construction works being carried out during the end of the current year as well as increase in provision for liabilities due to operating losses arising from the increase in construction costs for certain projects as a result of the COVID-19 pandemic.

Non-current liabilities increased to S\$5.0 million as at 31 March 2021 from S\$1.6 million as at 31 March 2020 was mainly due to drawdown of temporary bridging loans during the current year.

The debt-equity ratio decreased to 0.57 as at 31 March 2021 as compared to 0.63 as at 31 March 2020 was due to a higher equity base as a result of net fair value gain on investment in equity securities carried at FVTOCI. This was partially offset by the net loss incurred during the current period.

APPENDIX B – FINANCIAL INFORMATION OF THE GROUP

3. CONSOLIDATED STATEMENT OF CASH FLOWS

The audited consolidated statement of cash flows of the Group for FY2018, FY2019 and FY2020 and the unaudited consolidated statement of cash flows of the Group for FY2021 are set out below:

	Audited FY2018	Audited FY2019	Audited FY2020	Unaudited FY2021
	\$'000	\$'000	\$'000	\$'000
Operating activities				
(Loss) Profit before income tax	(3,643)	3,326	1,233	(1,404)
Adjustments for:				
Depreciation of property, plant and equipment	839	900	623	551
Depreciation of right-of-use assets	-	-	473	476
(Gain) Loss on disposal of property, plant and equipment	(190)	42	(25)	(155)
(Reversal of) Loss allowance for trade receivables and contract assets	(105)	(78)	966	266
Bad debts written off on trade receivables	-	-	-	6
(Reversal of) Allowance for inventory obsolescence	(3)	(8)	(21)	33
Inventories written off	-	-	-	8
Change in fair value of held-for-trading investments	32	7	85	46
Change in fair value of insurance contract	41	(14)	(18)	5
Dividend income from held-for-trading investments	(13)	(10)	*	*
Dividend income from investment in equity securities carried at FVTOCI	(459)	(1,426)	(741)	-
Interest income	(694)	(857)	(974)	(920)
Interest expense	873	1,171	1,504	942
Loss allowance for amounts due from associates	7,130	-	2,004	495
Share of profit of associates and joint venture	(193)	(578)	(139)	(161)
Provision for liabilities	429	122	633	1,044
Fee income from financial guarantee to associates and joint venture	(314)	(247)	(181)	(116)
Operating cash flows before movements in working capital	3,730	2,350	5,422	1,116
Trade receivables	(4,728)	2,047	953	(5,337)
Other receivables and prepayments	(39)	(206)	(386)	184
Contract assets	(2,040)	(2,859)	(328)	2,641
Contract liabilities	507	(2,979)	(665)	1,570

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	Audited	Audited	Audited	Unaudited
	FY2018	FY2019	FY2020	FY2021
	\$'000	\$'000	\$'000	\$'000
Inventories	(244)	2	30	(293)
Trade payables and bills payables	7,579	2,522	4,177	715
Other payables	139	218	91	(59)
Provision for liabilities	(111)	(199)	(234)	(276)
Cash generated from operations	4,793	896	9,060	261
Income taxes paid	(1,871)	(1,369)	(589)	(421)
Interest paid	(873)	(1,171)	(1,504)	(942)
Net cash from (used in) operating activities	2,049	(1,644)	6,967	(1,102)
Investing activities				
Interest received	16	15	10	9
Advances to associates and joint venture	(6,341)	(3,520)	(3,375)	(1,305)
Repayments from an associate	-	5,900	-	6,050
Dividends received from held-for-trading investments	13	10	*	*
Dividends received from investment in equity securities carried at FVTOCI	459	1,426	741	-
Purchase of property, plant and equipment	(877)	(117)	(50)	(532)
Proceeds from disposal of property, plant and equipment	236	5	79	211
Purchase of right-of-use assets	-	-	(7)	-
Proceeds from sale of investment in equity securities carried at FVTOCI	240	-	-	-
Net cash (used in) from investing activities	(6,254)	3,719	(2,602)	4,433
Financing activities				
Dividends refunded	2	-	-	-
Repayments of lease liabilities	-	-	(504)	(511)
Repayments of obligations under finance leases	(399)	(279)	-	-
Proceeds from bank borrowings and overdrafts	5,000	2,300	1,250	5,000
Repayments of bank borrowings	(5,002)	(7,633)	(3,166)	(3,625)
Net cash (used in) from financing activities	(399)	(5,612)	(2,420)	864

APPENDIX B – FINANCIAL INFORMATION OF THE GROUP

	Audited	Audited	Audited	Unaudited
	FY2018	FY2019	FY2020	FY2021
	\$'000	\$'000	\$'000	\$'000
Net (decrease) increase in cash and cash equivalents	(4,604)	(3,537)	1,945	4,195
Cash and cash equivalents at the beginning of the year	13,130	8,525	4,988	6,934
Effect of foreign exchange rate changes on balances held in foreign currencies	(1)	(*)	1	1
Cash and cash equivalents at end of the year	8,525	4,988	6,934	11,130

* Amount less than \$1,000.

FY2018

The net cash inflow from operating activities in FY2018 was mainly due to lesser repayment of trade and bill payables.

The net cash outflow from investing activities in FY2018 was mainly due to loans extended to associates and joint venture of the Group.

The net cash outflow from financing activities in FY2018 was due to repayments of obligations under finance leases. As a result of the aforementioned, cash and cash equivalents stood at S\$8.5 million as at 31 March 2018.

FY2019

The net cash outflow from operating activities in FY2019 was mainly due to net payments made for construction works carried out.

The net cash inflow from investing activities in FY2019 was mainly due to net repayment of loans from associates and joint venture of the Group and the dividends received from investment in equity securities.

The net cash outflow from financing activities in FY2019 was due to net repayment of bank borrowings and finance leases.

As a result of the aforementioned, cash and cash equivalents stood at S\$5.0 million as at 31 March 2019.

FY2020

The net cash inflow from operating activities in FY2020 was mainly due to lesser net payout for construction works carried out.

The net cash outflow from investing activities in FY2020 was mainly due to net advances of loans to associates and joint venture of the Group, which was partially offset by dividends received from investment in equity securities.

The net cash outflow from financing activities in FY2020 was due to net repayment of bank borrowings and lease liabilities.

As a result of the aforementioned, cash and cash equivalents (net of bank overdrafts) stood at S\$6.9 million as at 31 March 2020.

APPENDIX B – FINANCIAL INFORMATION OF THE GROUP

FY2021

The net cash outflow from operating activities in FY2021 was mainly due to operating loss incurred by the Group.

The net cash inflow from investing activities in FY2021 was mainly due to net repayment of loans from associates and joint venture of the Group, which was partially offset by the purchase of property, plant and equipment.

The net cash inflow from financing activities in FY2021 was due to drawdown of temporary bridging loan, which was partially offset by net repayment of bank borrowings and lease liabilities.

As a result of the aforementioned, cash and cash equivalents stood at S\$11.1 million as at 31 March 2021.

4. REVIEW OF WORKING CAPITAL

The working capital of the Group as at 31 March 2018, 31 March 2019, 31 March 2020 and 31 March 2021 are set out below:

	31 March 2018	31 March 2019	31 March 2020	31 March 2021
	\$'000	\$'000	\$'000	\$'000
Total Current Assets	53,188	44,891	46,869	52,256
Total Current Liabilities	55,076	50,807	55,118	54,103
Net Working Capital	(1,888)	(5,916)	(8,249)	(1,847)

As at 31 March 2019 compared to 31 March 2018

The Group's net working capital as at 31 March 2019 decreased by S\$4.0 million mainly due to loans extended to associates and joint venture of the Group amounting to S\$3.5 million which are classified as non-current receivables.

As at 31 March 2020 compared to 31 March 2019

The Group's net working capital as at 31 March 2020 decreased by S\$2.3 million mainly due to loans extended to associates and joint venture of the Group amounting to S\$3.4 million which are classified as non-current receivables, partially offset by net collection of revenue generated.

As at 31 March 2021 compared to 31 March 2020

The Group's net working capital as at 31 March 2021 improved by S\$6.4 million mainly due to net repayment of loans from associates and joint venture of the Group, drawdown of temporary bridging loan. This was partially offset by lower revenue generated as a result of the halt of construction activities during the Circuit Breaker.

NOTICE OF EXTRAORDINARY GENERAL MEETING

KING WAN CORPORATION LIMITED

(Company Registration No. 200001034R)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of King Wan Corporation Limited (“**Company**”) will be held by electronic means on Friday, 30 July 2021 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Company’s annual general meeting to be held at 10:00 a.m. on the same day) for the purpose of considering and, if thought fit, passing with or without modifications, the following:

*All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular to the shareholders of the Company dated 9 July 2021 (the “**Circular**”).*

ORDINARY RESOLUTION 1: THE RIGHTS ISSUE

That, subject to and contingent upon the passing of Ordinary Resolution 2 and Ordinary Resolution 3, the renounceable non-underwritten rights issue of up to 349,176,870 new ordinary shares in the capital of the Company (“**Rights Shares**”) at an issue price of S\$0.02 per Rights Share (“**Issue Price**”), on the basis of one (1) Rights Share for every one (1) existing ordinary shares in the capital of the Company (“**Shares**”) held by shareholders of the Company (“**Shareholders**”) as at a time and date as the Directors may, in its absolute discretion, determine (“**Record Date**”), fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Directors or any of them to:

- (a) create and issue up to 349,176,870 Rights Shares at the Issue Price for each Rights Share;
- (b) provisionally allot and issue up to 349,176,870 Rights Shares at the Issue Price for each Rights Share on the basis of one (1) Rights Share for every one (1) Shares held by Shareholders as at the Record Date, on the terms and conditions set out below and/or otherwise on such terms and conditions (including the basis of provisional allotments of the Rights Shares) as the Directors may in their absolute discretion think fit:
 - (i) the provisional allotments of the Rights Shares under the Rights Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited (“**CDP**”) as at the Record Date (“**Entitled Shareholders**”) with registered addresses in Singapore or who have, at least three (3) Market Days prior to the Record Date, provided to the CDP or the share registrar of the Company (“**Share Registrar**”), as the case may be, addresses in Singapore for the service of notices and documents. The provisional allotments of the Rights Shares are not intended to be offered and sold to persons located, resident or with a registered address in the United States or any jurisdiction in which the Rights Issue may not be lawfully made;
 - (ii) no provisional allotment of the Rights Shares shall be made in favour of Shareholders with registered addresses outside Singapore as at the Record Date, and who have not, at least three (3) Market Days prior to the Record Date, provided to the CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices or documents (“**Foreign Shareholders**”);
 - (iii) the provisional allotment of the Rights Shares which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the provisional allotments relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) proportionally among such Foreign Shareholders in accordance with their respective shareholdings as at the Record Date provided that if the amount to be distributed to any single or joint Foreign Shareholder

NOTICE OF EXTRAORDINARY GENERAL MEETING

is less than S\$10.00, such amount shall instead be retained or dealt with for the sole benefit of the Company;

- (iv) the provisional allotment of the Rights Shares not taken up or allotted for any reason shall be used to satisfy applications for Excess Rights Shares (if any) or allotted or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
 - (v) the Rights Shares when issued and fully paid up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distribution that may be declared or paid the record date for which falls before the date of issue of the Rights Shares,
- (c) the Directors or any of them be and are hereby authorised to fix the Record Date in their absolute discretion; and
- (d) the Directors or any of them be and are hereby authorised to take such steps, complete and do all such acts, matters and things as they may consider necessary or expedient for the purposes of or in connection with the Rights Issue (including but not limited to amending, finalising, approving and executing all such documents as may be required in connection with the Rights Issue), make such amendments to the terms of the Rights Issue and exercise such discretion as the Directors or any of them may in their absolute discretion deem fit, advisable or necessary in connection with all or any of the above matters.

ORDINARY RESOLUTION 2: THE WHITEWASH RESOLUTION

That, subject to and contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 3, approval be and is hereby given as follows:

That subject to the satisfaction of all the conditions set out in the Securities Industry Council's ("SIC") letter dated 3 June 2021 (as updated on 18 June 2021), the Shareholders (other than the Chua Concert Group) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "Code") from the Chua Concert Group, in respect of all or any part of the Shares held by such Shareholders, in the event that the Chua Concert Group incurs an obligation to do so as a result of (i) the Undertaking Shareholders' subscribing for their pro-rata entitlement of Rights Shares under the Irrevocable Undertakings and subscribing for up to 145,000,000 Excess Rights Shares, if available; and (ii) the Other Chua Concert Group Members subscribing for up to their pro-rata entitlement of Rights Shares.

ORDINARY RESOLUTION 3: THE POTENTIAL TRANSFER OF CONTROLLING INTEREST

That, subject to and contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 2, approval be and is hereby given as follows:

- (a) approval be and is hereby given to the allotment and issuance by the Company of up to 2,900,000 and 134,850,000 Excess Rights Shares to Chua Kim Hua and Chua Eng Eng respectively, if applicable, on and subject to the terms of the Rights Issue, where the issuance of such Excess Rights Shares may result in a transfer of a controlling interest in the Company to Chua Kim Hua and/or Chua Eng Eng pursuant to Rule 803 of the Listing Manual; and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (a) of this resolution as he shall think fit and in the interests of the Company.

This Notice has been made available on SGXNet and on the Company's website. A printed copy of this Notice will NOT be despatched to members.

NOTICE OF EXTRAORDINARY GENERAL MEETING

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

Date: 9 July 2021

Notes:

- a) A Shareholder (including a relevant intermediary*) entitled to vote at the Extraordinary General Meeting (the "EGM") must appoint Chairman of the EGM to act as proxy and direct the vote at the EGM.
- b) The instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.
- c) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
- d) In the case of joint shareholders, all holders must sign the form of proxy.

IMPORTANT NOTICE TO SHAREHOLDERS

The EGM is being convened, and will be held, only by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice, the proxy form and the Circular dated 9 July 2021 will not be sent to Shareholders. Instead, these documents will be made available on SGX website at the URL: <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at the URL: <https://www.kingwan.com/>.

Alternative arrangements relating to, among others, attendance at the EGM by way of electronic means (including arrangements by which the EGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the EGM, addressing of substantial and relevant questions prior to, or at the EGM and/or voting by appointing the Chairman of the EGM as proxy at the EGM, are set out below.

Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, a Shareholder (including a relevant intermediary*) will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.

* Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any shareholder who is a relevant intermediary is required to appoint the Chairman of the EGM to attend and vote at the EGM. Relevant intermediary is either:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
- (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
- (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

Shareholders may participate at the EGM by taking note of the following steps:

1. Registration for Live Webcast

A Shareholder will be able to follow the proceedings of the EGM through a live audio-visual webcast or live audio-only stream (collectively, "**Live Webcast**") via mobile phone, tablet, computer or any such electronic device.

In order to do so, a Shareholder must pre-register no later than 10:30 a.m. on 27 July 2021 ("**Registration Deadline**"), at the URL: <https://conveneagm.com/sg/kingwan> for authentication of their status as Shareholders.

Shareholders who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the EGM by 29 July 2021. Shareholders who have registered by the Registration Deadline but did not receive email instructions by 29 July 2021 may contact the Company by email at egm.2021@kingwan.com.sg for assistance.

Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to participate in the EGM should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and

NOTICE OF EXTRAORDINARY GENERAL MEETING

SRS Operators, as soon as possible so that the necessary arrangements can be made by the relevant agents for their participation in the EGM

2. Shareholders' Queries

Shareholders will not be able to speak or ask questions during the Live Webcast, therefore it is important for them to submit their questions in advance of the EGM.

All questions to be addressed at the EGM must be submitted no later than 10:30 a.m. on 27 July 2021 to the Company:

- (a) via the pre-registration website at the URL: <https://conveneagm.com/sg/kingwan>;
- (b) mail to the Company's registered office at 8 Sungei Kadut Loop Singapore 729455; or
- (c) via email to egm.2021@kingwan.com.sg.

For verification purpose, when submitting any questions by post or via email, Shareholders MUST provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from Shareholders prior to, or at the EGM and upload the Company's responses on the SGX website. The minutes of the EGM, which include responses to substantial queries from the Shareholders which are addressed during the EGM, shall thereafter be published on SGX website, within one (1) month from the conclusion of the EGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, can submit their questions in relation to any resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

3. Proxy Voting

A Shareholder (including a relevant intermediary) will not be able to attend the EGM physically in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/ her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. The instrument appointing the Chairman of the EGM as proxy has been uploaded together with this Notice of EGM on SGX website on the same day.

Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his/ her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:

- (a) if by post, to the Registered Office Address of the Company, at 8 Sungei Kadut Loop Singapore 729455 (Opening Hours is 9 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays); or
- (b) if sent by email to egm.2021@kingwan.com.sg,

in either case, not less than seventy-two (72) hours before the time for holding the EGM and at any adjournment thereof. A Shareholder who wishes to submit an instrument of proxy by (i) and (ii) must first download the proxy form, which is available on SGX website at the URL:

NOTICE OF EXTRAORDINARY GENERAL MEETING

<https://www.sgx.com/securities/company-announcements>, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the EGM (i.e. by 5:00 p.m. on 19 July 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by the cut-off date.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to appoint the Chairman of the EGM as proxy.

The Circular dated 9 July 2021 has been uploaded on SGXNet on 9 July 2021.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the EGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the EGM via the SGX website. Shareholders are advised to check the SGX website regularly for updates on the EGM.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the EGM as proxy to attend and vote at the EGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the EGM via Live Webcast, or (c) submitting any question prior to the EGM in accordance with this Notice, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the Live Webcast to observe the proceedings of the EGM and providing them with any technical assistance where necessary;
- (iii) addressing substantial and relevant questions from Shareholders received before the EGM and if necessary, following up with the relevant Shareholders in relation to such questions;
- (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member (such as his name, his presence at the EGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

PROXY FORM

KING WAN CORPORATION LIMITED
(Company Registration No. 200001034R)
(Incorporated in the Republic of Singapore)

**EXTRAORDINARY
GENERAL MEETING
PROXY FORM**

IMPORTANT:

1. The Extraordinary General Meeting (the "EGM") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream (collectively "Live Webcast"), submission in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying section entitled "Important Notice to Shareholders" of the Notice of EGM. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of the Notice of EGM in respect of the EGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

I/We _____ NRIC / Passport No./ Registration No. _____
of _____

being a member(s) of King Wan Corporation Limited (the "Company"), hereby appoint the Chairman of the Extraordinary General Meeting as *my/our proxy to attend, speak and to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be held by way of electronic means on Friday, 30 July 2021 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 10:00 a.m. on the same day).

*I/We direct the Chairman of the EGM, being *my/our proxy, to vote for or against, or abstain from voting on the Special Resolution to be proposed at the EGM as indicated hereunder.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as your proxy for that resolution will be treated as invalid.

Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to exercise all your votes "For" or "Against" the resolution, please mark an "X" within the relevant box provided below. Alternatively, please indicate the number of votes "For" or "Against" in the relevant box provided below. If you mark an "X" in the abstain box provided below, you are directing your proxy, who is the Chairman of the EGM, not to vote on that resolution

No.	Resolution	For	Against	Abstain
1.	To approve the Rights Issue			
2.	To approve the Whitewash Resolution			
3.	To approve the Potential Transfer of Controlling Interest			

Notes:

*Delete where inapplicable

Dated this _____ day of _____ 2021

Total Number of Shares Held

Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Postage
Stamp

To: The Company Secretary
KING WAN CORPORATION LIMITED
8 Sungei Kadut Loop
Singapore 729455

Fold along dotted line

Fold along dotted line

NOTES:

1. Please insert the total number of shares in the capital of the Company ("Shares") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Where a member (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the EGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the EGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
 - (a) if by post, to the Registered Office Address of the Company, at 8 Sungei Kadut Loop, Singapore 729455 (Opening Hours is 9 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
 - (b) if sent by email to egm.2021@kingwan.com.sg.

in either case, not less than seventy-two (72) hours before the time for holding the EGM and at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
6. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register at seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. For investors who have used their CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) to buy Shares, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors and/or SRS Investors who wish to appoint the Chairman of the EGM to act as their proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the EGM (i.e. by 5:00 p.m. on 19 July 2021).

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the EGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 9 July 2021.