

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

This Appendix is circulated to the Shareholders of King Wan Corporation Ltd (the “Company”) together with the Company’s Annual Report 2016 (as defined herein). Its purpose is to explain to the Shareholders the rationale and to provide information pertaining to the proposed renewal of the Share Purchase Mandate (as defined herein), and to seek Shareholders’ approval of the same at the Annual General Meeting to be held on 28 July 2016 at 8 Sungei Kadut Loop, Singapore 729455.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2016.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately. If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2016 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (“CPF”) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only. The SGX-ST (as defined herein) assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.



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

APPENDIX
TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 12 JULY 2016
IN RELATION TO
THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

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

“AGM”	: Annual general meeting of the Company. Unless the context otherwise requires, “AGM” shall refer to the annual general meeting to be held on 28 July 2016
“Annual Report 2016”	: The Company’s annual report for the financial year ended 31 March 2016
“Appendix”	: This appendix to the Notice
“Board”	: The board of Directors of the Company at the time being
“CDP”	: The Central Depository (Pte) Limited
“Companies Act” or the “Act”	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Companies (Amendment) Act”	: The Companies (Amendment) Act 2005 of Singapore
“Company”	: King Wan Corporation Limited
“Constitution”	: The Memorandum of Association and/or Articles of Association of the Company, as amended, supplemented or modified from time to time
“Controlling Shareholders”	: A person who holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) in the Company (unless otherwise exempted by the SGX-ST) or in fact exercises control over the Company, as defined under the Listing Manual
“Directors”	: The directors of the Company for the time being
“Group”	: The Company and its subsidiaries
“Group Company”	: A company within the Group
“Latest Practicable Date”	: 30 June 2016, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	: The listing manual of the SGX-ST, as amended or modified from time to time
“Maximum Price	: in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding: (i) in the case of a Market Purchase : 105% of the Average Closing Price; (ii) in the case of an Off-Market Purchase : 120% of the Average Closing Price
“Notice”	: The notice of AGM dated 12 July 2016
“NTA”	: Net tangible assets
“Record Date”	: The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“Securities Account”	: A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	: Singapore Exchange Securities Trading Limited

"Shareholders"	: Persons who are registered as holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts are credited with Shares
"Shares"	: Ordinary shares in the capital of the Company
"Share Purchase"	: The purchase of Shares by the Company pursuant to the Share Purchase Mandate
"Share Purchase Mandate"	: A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set out in the Companies Act and the Listing Manual
"SIC"	: Securities Industry Council
"Substantial Shareholder"	: A Shareholder who has an interest in not less than five per cent (5%) of the issued Shares
"Take-over Code"	: The Singapore Code on Take-overs and Mergers
"Trading Day"	: A day on which the Shares are traded on the SGX-ST
"S\$" and "Cents"	: Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
"%" or "per cent."	: Percentage or per centum

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The term "**subsidiary**" shall have the meaning ascribed to it by Section 5 of the Companies Act. The terms "**associate**" and "**associated company**" shall have the meanings ascribed to them in the SGX-ST Listing Manual.

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

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

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated.

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

LETTER TO SHAREHOLDERS

KING WAN CORPORATION LIMITED

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

Board of Directors:

Chua Kim Hua (Chairman)
Chua Eng Eng (Managing Director)
Chua Hai Kuey (Executive Director)
Goh Chee Wee (Non-Executive Independent Director)
Lim Hock Beng (Non-Executive Independent Director)
Nathapun Siriviriyakul (Non-Executive Independent Director)

Registered Office:

8 Sungei Kadut Loop
Singapore 729455

12 July 2016

To: The Shareholders of King Wan Corporation Limited

Dear Sir/Madam

1. INTRODUCTION

- 1.1 Reference is made to the Notice of Annual General Meeting of King Wan Corporation Ltd (the "Company") dated 12 July 2016, accompanying the Annual Report 2016, convening the AGM which is scheduled to be held on 28 July 2016 and the Ordinary Resolution 7 in relation to the renewal of the Share Purchase Mandate respectively, under the heading "Special Business" set out in the Notice.
- 1.2 The purpose of this Appendix is to provide the Shareholders with details in respect of the proposed renewal of the Share Purchase Mandate (the "Renewal").
- 1.3 At the last Extraordinary General Meeting ("EGM") on 30 July 2015, Shareholders had renewed the grant of a mandate (the "Share Purchase Mandate") to enable the Company to purchase or otherwise acquire Shares in the capital of the Company.
- 1.4 The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution at the last EGM and will expire on the date of the forthcoming AGM, being 28 July 2016. The Directors propose that the Share Purchase Mandate be renewed again at the forthcoming AGM.
- 1.5 The purpose of this Appendix is to provide Shareholders with relevant information pertaining to the proposal to be tabled at the AGM and to seek Shareholders' approval for the resolution relating to the Share Purchase Mandate at AGM to be held on 28 July 2016 or at any adjournment thereof at 8 Sungei Kadut Loop, Singapore 729455.

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

2.1 Background and Shareholders' Approval

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

2.2 Rationale

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

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

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

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

2.3 Authority and limits on the Share Purchase Mandate

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

2.3.1 Maximum Number of Shares

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

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

2.3.2 Duration of Authority

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

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

whichever is the earliest.

2.3.3 Manner of Share Purchase

- (i) Share purchases or acquisitions may be made by way of:
 - (a) a market purchase transacted on the SGX-ST, through one or more duly licensed dealers appointed by the Company for that purpose ("**Market Purchase**"); and/or

- (b) an off-market purchase under an equal access scheme for the purchase or acquisition of Shares from Shareholders ("**Off-Market Purchase**").
- (ii) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules of the SGX-ST and the Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an equal access scheme must satisfy all the following conditions:
 - (a) offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (b) all of those persons must have a reasonable opportunity to accept the offers made to them; and
 - (c) the terms of all the offers must be the same except that there shall be disregarded (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.
- (iii) If the Company wishes to make an Off-Market Purchase, the Company will issue an offer document to all Shareholders which shall contain at least the following information:
 - (a) the terms and conditions of the offer;
 - (b) the period and procedures for acceptances;
 - (c) the reasons for the Proposed Renewal Of Share Purchase;
 - (d) the consequences, if any, of the share purchases by the Company that will arise under the Takeover Code or other applicable take-over rules;
 - (e) whether the share purchase, if made, will have any effect on the listing of the Shares on the SGX-ST; and
 - (f) details of any share purchases made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

2.3.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

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

(the "Maximum Price") in either case, excluding related expenses of the purchase.

For the above purposes:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) consecutive market days, on which transactions in the Shares were recorded, before the day on which the Shares are transacted on the SGX-ST, immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) consecutive market days; and

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

2.3.5 Status of Purchased Shares

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

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

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

2.3.6 Treasury Shares

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

(i) Maximum Holdings

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

(ii) Voting and Other Rights

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

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

(iii) Disposal and Cancellation

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

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

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the

number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.3.7 Reporting Requirements

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

2.3.8 Sources of funds

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

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

- (i) the company is able to pay its debts in full as they fall due in the normal course of business at the time of payment for the purchase of shares, as well as during the period of twelve (12) months after the purchase; and
- (ii) the value of the company's assets, at the time of the purchase and after such purchase, is not less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect or may affect such values.

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

2.4 Financial Effects

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

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

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

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

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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

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

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

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 March 2016, are based on the assumptions set out below.

2.4.1 Number of Shares Purchased or Acquired

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

2.4.2 Maximum Price Paid for Shares Purchased or Acquired

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 34,917,687 Shares at the Maximum Price of S\$0.177 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 34,917,687 Shares is approximately S\$6.18 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 34,917,687 Shares at the Maximum Price of S\$0.203 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 34,917,687 Shares is approximately S\$7.09 million.

2.4.3 Illustrative Financial Effects

For illustrative purposes only and on the basis of the assumptions set out above, and that the Share Purchases were made entirely out of the Company's capital and financed entirely by internal cash of the Group, the financial effects

on the audited consolidated financial statements of the Company and the Group for the financial year ended 31 March 2016 would have been as follows:

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

	← Before Share Purchase S\$'000	Group After Market Purchase S\$'000	After Off-Market Purchase S\$'000 →	← Before Share Purchase S\$'000	Company After Market Purchase S\$'000	After Off-Market Purchase S\$'000 →
As at 31 March 2016						
Profit after tax	(17,894)	(17,894)	(17,894)	(21,820)	(21,820)	(21,820)
Shareholders' Funds	76,421	70,232	69,348	45,659	39,470	38,586
NTA	76,421	70,232	69,348	45,659	39,470	38,586
Current Assets	77,917	71,728	70,844	7,520	1,331	447
Current Liabilities	71,805	71,805	71,805	14,206	14,206	14,206
Total Borrowings	51,066	51,066	51,066	-	-	-
Cash and Cash Equivalents	11,219	5,030	4,146	401	(5,788)	(6,672)
Number of Shares ('000)	349,176	314,258	314,258	349,176	314,258	314,258
Financial Ratios						
Earnings per Share (cents) ⁽¹⁾	-5.12	-5.69	-5.69	-6.25	-6.94	-6.94
NTA per Share (cents) ⁽²⁾	21.89	22.35	22.07	13.08	12.56	12.28
Gearing (%) ⁽³⁾	66.8%	72.7%	73.6%	0.0%	0.0%	0.0%
Current Ratio (times) ⁽⁴⁾	1.09	1	0.99	0.53	0.09	0.03

Notes:

- (1) Earnings per Share represents net profit for the financial year ended 31 March 2016 respectively divided by the weighted average number of Shares for the financial year ended 31 March 2016.
- (2) "NTA per Share" represents NTA divided by the number of Shares as at 31 March 2016.
- (3) "Gearing" refers to the ratio of total borrowings to shareholders' equity.
- (4) "Current ratio" represents current assets divided by current liabilities.

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

	← Before Share Purchase S\$'000	Group After Market Purchase S\$'000	After Off-Market Purchase S\$'000 →	← Before Share Purchase S\$'000	Company After Market Purchase S\$'000	After Off-Market Purchase S\$'000 →
As at 31 March 2016						
Profit after tax	(17,894)	(17,894)	(17,894)	(21,820)	(21,820)	(21,820)
Shareholders' Funds	76,421	70,232	69,348	45,659	39,470	38,586
NTA	76,421	70,232	69,348	45,659	39,470	38,586
Current Assets	77,917	71,728	70,844	7,520	1,331	447
Current Liabilities	71,805	71,805	71,805	14,206	14,206	14,206
Total Borrowings	51,066	51,066	51,066	-	-	-
Cash and Cash Equivalents	11,219	5,030	4,146	401	(5,788)	(6,672)
Number of Shares ('000)	349,176	314,258	314,258	349,176	314,258	314,258
Financial Ratios						
Earnings per Share (cents) ⁽¹⁾	-5.12	-5.69	-5.69	-6.25	-6.94	-6.94
NTA per Share (cents) ⁽²⁾	21.89	22.35	22.07	13.08	12.56	12.28
Gearing (%) ⁽³⁾	66.8%	72.7%	73.6%	0.0%	0.0%	0.0%
Current Ratio (times) ⁽⁴⁾	1.09	1	0.99	0.53	0.09	0.03

Notes:

- (1) Earnings per Share represents net loss for the financial year ended 31 March 2016 respectively divided by the weighted average number of Shares for the financial year ended 31 March 2016.
- (2) "NTA per Share" represents NTA divided by the number of Shares as at 31 March 2016.
- (3) "Gearing" refers to the ratio of total borrowings to shareholders' equity.
- (4) "Current ratio" represents current assets divided by current liabilities.

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

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

The financial effects set out above are illustrations based on historical numbers for the financial year ended 31 March 2016 and are not necessarily representative of future financial performance.

2.5 Taxation

Section 10J of the Income Tax Act stipulates that when a company purchases or acquires its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder. Accordingly, the Company will, in repurchasing its own Shares out of profits, be deemed to have paid a dividend to its Shareholders from whom the Shares are purchased.

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

2.6 Listing Status

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

As at the Latest Practicable Date, there are 168,454,303 Shares in the hands of the public, representing 48.2 per cent (48.2%) of the issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent (10%) limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 133,536,616 Shares, representing 42.5 per cent (42.5%) of the remaining issued Shares of the Company (on the assumption that the purchased Shares are cancelled and not held as treasury shares).

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

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

2.7 Implications under the Take-over Code

2.7.1 Obligation to Make a Take-over Offer

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("Rule 14"). Consequently, depending on the number of Shares purchased by the Company

and the total number of Shares issued by the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.

2.7.2 Persons Acting in Concert

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

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

2.7.3 Effect of Rule 14 and Appendix 2 of the Takeover-Code

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

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

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

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

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

As at the Latest Practicable Date,

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

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

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

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

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

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

2.7.5 Advice to Shareholders

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

2.7.6 Voting Rights of Concert Parties

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

Concert Parties	Before Share Purchase (as at date of EGM)		After Share Purchase	
	No. of Shares	% of total issued Shares ⁽¹⁾	No. of Shares	% of total issued Shares ⁽²⁾
Chua Kim Hua	44,113,319	12.6%	44,113,319	14.0%
Chua Eng Eng	36,576,906	10.5%	36,576,906	11.6%
Chua Hai Kuey	22,247,676	6.4%	22,247,676	7.1%

Notes:

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

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

2.8 No Share Purchase in the previous 12 months

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

3. ANNUAL GENERAL MEETING

The AGM will be held on 28 July 2016 at 10.00 a.m. at 8 Sungei Kadut Loop, Singapore 729455, for the purpose of considering and, if thought fit, passing, the Ordinary Resolution set out in the Notice of AGM.

4. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf are requested to complete, sign and return the proxy form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 8 Sungei Kadut Loop, Singapore 729455 not less than forty-eight (48) hours before the time fixed for the AGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM *in place of his proxy* if he finds that he is able to do so.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 Directors' and Substantial Shareholders' Interests

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

	Number of Shares			% of Issues Shares ⁽¹⁾
	Direct Interest	Deemed Interest	Total Interest	
Directors				
Chua Kim Hua	44,113,319	-	44,113,319	12.6%
Chua Eng Eng	36,576,906	-	35,633,906	10.5%
Chua Hai Kuey	22,247,676	-	22,247,676	6.4%
Substantial Shareholder				
Ganoktip Siriviriyakul	76,875,000	-	76,875,000	22.0%

Note:

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

5.2 Interest in Share Purchase Mandate

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

6. DIRECTORS' RECOMMENDATIONS

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

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

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

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

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in the Appendix 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 this Appendix in its proper form and context.

8. INSPECTION OF DOCUMENTS

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 Appendix up to the date of the AGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 March 2016.

Yours faithfully

Chua Kim Hua

(Executive Chairman)

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