



KING WAN CORPORATION LIMITED

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S UNAUDITED THIRD QUARTER AND NINE MONTHS RESULTS ENDED 31 DECEMBER 2020

The Board of Directors (the "Board") of King Wan Corporation Limited (the "Company" and together with its subsidiaries, the "Group") hereby provides its response to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 17 February 2021 in relation to the Company's unaudited results for the third quarter and nine months ended 31 December 2020 ("9M2021") announced via the SGXNet on 9 February 2021, as set out below:

Question:

As at 31 December 2020, the Group has negative working capital of S\$6.7 million of which total current liabilities is \$47,381,784, with unsecured debt that is repayable within one year or less amounting to \$27,749,311, and cash and cash equivalents of \$6,082,804. Please disclose the Board's assessment, including its bases of assessment, on the Company's ability to (i) operate as a going concern; (ii) meet its debt covenants; and (iii) meet its short-term obligations when they fall due.

Company's response:

- i. At the date of this announcement, the Group's core Mechanical & Electrical ("M&E") engineering services business has resumed operations for all ongoing construction projects. While the Group ensures that the ongoing construction projects are complying with the safety management measures, we have been working closely with the main contractors to expedite the construction progress and adopting technology to digitalise business processes to increase work efficiency. During the current reporting period, the Group's portable lavatories/toilet rental business has continued to contribute positively to both the Group's results and cash flows. The current utilisation rate has increased to above 95%. Hence, the Board has assessed that the Group and the Company is able to continue operate as a going concern.
- ii. As at 31 December 2020, the quoted closing market price of the Group's investments in Kaset Thai International Sugar Corporation Public Company Limited ("KTIS") which is listed on Stock Exchange of Thailand has maintained the same position as at 31 March 2020, at THB 2.88 per share. At the date of this announcement, the quoted closing market price of KTIS share has improved by 31.9% to THB 3.80 per share. As the recovery in global economic activity will be protracted, the Group maintains a cautious outlook. Management continues to actively engage and update the banks on the operations of the Group and the Company. Barring unforeseen circumstances, the Board is confident that the Group and the Company is able to obtain continued support from the banks.

iii. The Group has reduced the negative working capital to S\$6.7 million as at 31 December 2020 from S\$8.2 million as at 31 March 2020. As at 31 December 2020, the Group had available \$18.7 million of undrawn bank credit facilities. As the Group's ongoing M&E engineering services business has resumed operations for all ongoing construction projects, the Board has assessed that the Group is able to utilise operating cash inflows and undrawn bank credit facilities to meet its short-term obligations when they fall due.

BY ORDER OF THE BOARD

Chua Eng Eng
Managing Director
18 February 2021