



KING WAN CORPORATION LIMITED

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

**PROPOSED ACQUISITION OF PROPERTY LOCATED AT
15 JOO KOON WAY, SINGAPORE 628947**

1. DETAILS OF THE PROPOSED ACQUISITION

The board of directors (“**Board**” or “**Directors**”) of King Wan Corporation Ltd. (the “**Company**”) wishes to announce that King Wan Construction Pte Ltd. (the “**Purchaser**”), a wholly owned subsidiary of the Company, has been granted an option by Yeow San Pte. Ltd. (the “**Vendor**”) to purchase dated 26 December 2024 (the “**Option**”) in respect of the balance of the 30-year leasehold interest commencing from 1 December 2009 between the Vendor and the Jurong Town Council (“**JTC**”) for No. 15 Joo Koon Way, Singapore 628947 (the “**Property**”), and the Purchaser has, on 17 March 2025, exercised the Option in accordance with the terms of the Option granted by the Vendor to the Purchaser on 26 December 2024 (the “**Proposed Acquisition**”). The Proposed Acquisition is to be completed by way of an assignment of the lease of the Property and subject to the approval of Jurong Town Council (“**JTC**”), the lessor of the Property.

The exercise of the Option by the Purchaser constitutes a binding contract for the Proposed Acquisition at the Consideration (as defined below).

2. INFORMATION RELATING TO THE PROPERTY AND THE VENDOR

The Property is a leasehold property with a leasehold interest for a term of 30 years commencing from 1 December 2009. It comprises a single detached factory block with a mezzanine level and a rear extension erected on Lot 558W of Mukim 7 located at 15 Joo Koon Way Singapore 628947. It has a land area of 9353.9 square meters.

The Vendor is a company incorporated in Singapore and is engaged in the business of the manufacturing of polystyrene and plastic for packaging and construction needs. None of the Vendor or its directors or shareholders is related to the Company, the Directors and controlling shareholders of the Company, or their respective associates.

3. PRINCIPAL TERMS OF THE OPTION

3.1 Consideration

The consideration for the Property is S\$9,500,000 (the “**Purchase Consideration**”) which shall be satisfied by the Purchaser in the following manner:

- (a) The amount of S\$95,000.00 being 1% of the Purchase Consideration (the “**Option Fee**”) which has been paid to the Vendor on 26 December 2024 upon issuance of the Option;
- (b) The amount of S\$380,000.00 being 4% of the Purchase Consideration (together with the Option Fee, the “**Deposit**”) which has been paid to the Vendor’s solicitors upon exercise

of the Option on 17 March 2025 and is held by the Vendor's solicitors as stakeholding monies pending Completion (as defined below); and

- (c) The balance of S\$9,025,000 being 95% of the Purchase Consideration which shall be payable to the Vendor on Completion (as defined below).

The Consideration was arrived at pursuant to arm's length negotiations, on a willing-buyer, willing-seller basis, and was based, among others, on the Valuation Report (as defined below) indicating that the market value of the Property is S\$9,500,000, and on various commercial factors such as the location of the Property, the property market in the vicinity and prevailing market conditions, factors and indicatives. The acquisition of Property will be funded through a combination of internal resources and bank borrowings.

The Company has appointed PREMAS Valuers & Property Consultants Pte Ltd as the independent property valuer to conduct a valuation of the Property (the "**Independent Valuer**"), and a valuation report dated 5 February 2025 (the "**Valuation Report**") was issued by the Independent Valuer.

Based on the Valuation Report, the market value of the Property is S\$9,500,000 as at 15 January 2025 which is equivalent to the Purchase Consideration. As per the Valuation Report, the direct comparison method and investment (income) method were used by the Independent Valuer in arriving at the market value of the Property.

The direct comparison method is adopted whereby sale transactions of comparable properties have been taken into consideration with regards to their location, tenure, age, size, design, layout, condition and standard of finishes, amongst other factors, while the investment (income) method examines the present worth of the future income stream in the form of the net profit rental value capitalised at an appropriate investment yield.

3.2 Conditions Precedent

The Proposed Acquisition is conditional upon the following conditions having been fulfilled (the "**Conditions Precedent**"):

- (a) the Vendor and the Purchaser having obtained the written approvals from JTC (the "**JTC Approval**") for:
 - (i) the Vendor to sell and the Purchaser to purchase the Property;
 - (ii) the confirmation that JTC has no objection to the execution of the instrument of transfer from the Vendor to the Purchaser for the Property; and/or
 - (iii) the matters set out under paragraphs 3.3(b)(i), 3.3(b)(ii) and/or 3.3(c) (as the case may be);
- (b) the Vendor and the Purchaser having obtained the written approval of JTC and other relevant government authority to the Purchaser's use of the Property for the purposes of general construction usage;
- (c) the approval of the Company's shareholders in respect of the Proposed Acquisition being obtained at a general meeting to be convened; and

- (d) the Purchaser's solicitors having received satisfactory replies to the usual legal requisitions sent to the various relevant government departments.

3.3 Completion

Subject to the satisfaction of the Conditions Precedents, completion of the Proposed Acquisition (the "**Completion**") is expected to take place at the office of the Vendor's solicitors (or such other place as the Vendor's solicitors may direct) within:

- (a) six (6) months from the date of the exercise of option herein;
- (b) where Environmental Site Assessment is required by JTC to be carried out by the Vendor ("**ESA Report**")
 - (i) Four (4) weeks upon receipt of written approval from JTC confirming that the ESA Report is satisfactory (where decontamination works are not required);
 - (ii) Four (4) weeks upon receipt of written approval from JTC confirming that the decontamination works have been carried out to the satisfaction of JTC (where decontamination works are required);
- (c) where reinstatement works are required by JTC, four (4) weeks from receipt of JTC's written confirmation that the reinstatement works have been carried out to the satisfaction of JTC;
- (d) six (6) weeks from the date of approval by the shareholders of the Company to the Proposed Acquisition in accordance with the terms and conditions contained in the Option; and any transaction or act of the Purchaser in relation hereto including but not limited to the financing, taking of banking facilities and granting of securities; or
- (e) where an ESA Report is not required by JTC, six (6) weeks from the date of JTC's Final Approval (i.e. confirming it has no objection to execution of the Transfer instrument),

whichever is the latest.

The Property is sold with vacant possession to be delivered on Completion.

3.4 Non-fulfilment of Conditions Precedent

Under the terms of the Option,

- 3.4.1 In the event any of the application for approvals enumerated in paragraphs 3.2(a), (b) and (c) is refused through no fault of the Purchaser, the Vendor shall refund all monies paid hereunder by the Purchaser to the Purchaser without interest or deduction within three (3) working days from the date of the refusal and thereafter neither party shall have any further claim or demand against the other, with each party to bear its own costs.
- 3.4.2 In the event the approvals for sale and purchase of the Property and the Purchaser's use of the Property, as set out in paragraphs 3.2(a)(i) and 3.2(b) above, are not granted by JTC and the relevant regulatory and government authority within six (6) months from the date of exercise of the Option:

- (a) where the failure to obtain such approvals is through no fault of the parties, either party shall have the option to (i) extend the time need to obtain such approval by mutual agreement, or (ii) rescind the Option by written notice to the other party. Upon rescission of the Option, the Vendor shall refund to the Purchaser all monies paid in respect of the Option by the Purchaser without interest or deduction within (3) working days from the date of the notice of rescission. The Purchaser shall on rescission and as soon as possible at its own costs remove all caveats lodged by it and/or its mortgagee against the Property and return to the Vendor all the documents of title received by it in exchange for the return of the Deposit; and thereafter neither party shall have any further claim or demand against the other, with each party to bear its own costs;
- (b) where the failure to obtain such approvals is due to the Purchaser's fault in not completing and submitting the requisite forms, documents, particulars and details to JTC or in complying with such terms and conditions as stipulated in connection therewith, the Vendor shall be entitled to rescind the Option by way of 21 days' written notice to the Purchaser and the Deposit shall be forfeited in favour of the Vendor, provided always that the Purchaser may within the 21 days' notice rectify, discharge or comply with the relevant terms and conditions. The Purchaser shall on rescission and as soon as possible at its own costs remove all caveats lodged by it and/or its mortgagee against the Property and return to the Vendor all the documents of title received by it, and neither party shall have any further claim or demand against the other, with each party to bear its own costs;
- (c) where the failure to obtain such approvals is due to the Vendor's fault in not completing and submitting the requisite forms, documents, particulars and details to JTC or in complying with such terms and conditions as stipulated in connection therewith, the Purchaser shall be entitled to rescind the Option by way of 21 days' written notice to the Vendor, and the Vendor shall refund the Deposit to the Purchaser within three (3) working days from the expiry date of the said notice but without any interest compensation or deduction whatsoever and without prejudice to the Purchaser's right at law for breach of contract, provided always that the Vendor may within the 21 days' notice rectify, discharge or comply with the relevant terms and conditions.

3.4.3 In the event the replies to the usual legal requisitions sent to the various relevant government departments by the Purchaser's solicitors as set out in paragraph 3.2(d) above are unsatisfactory, the Option may be rescinded at the option of the Purchaser by giving notice in writing thereof to the Vendor's solicitors whereupon the Option shall become null and void and of no further effect whatsoever. On rescission, the Vendor shall forthwith refund to the Purchaser all monies paid by the Purchaser but without any interest compensation or deduction whatsoever. Each party hereto shall bear their own costs in the matter and neither party hereto shall have any claims or demand against the other party for damages, costs or otherwise whatsoever in the matter.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Company's existing registered office located at 8 Sungei Kadut Loop, Singapore 729455 (the "**Existing Property**") was leased from JTC and the said lease has expired on 15 March 2025. Notwithstanding the foregoing, JTC has confirmed in writing that they will grant a nine (9) months' extension to the said lease, subject to the Company's fulfilment of certain conditions. Such extension when granted will apply retrospectively with effect from 16 March 2025. Accordingly,

the Proposed Acquisition will enable the Company to utilise the Property to house and support the Company's business activities and operations while also acting as the Company's new office following the expiry of the extended lease of the Existing Property.

The Proposed Acquisition is a major part of the Group's strategy to continue building upon its strengths and competencies in its core mechanical and electrical engineering services business in Singapore.

The Board is of the view that the Proposed Acquisition is in line with the strategic plans of the Group, and believes that the Proposed Acquisition is in the commercial interest of the Group and its shareholders.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

5.1 Chapter 10 of the Listing Manual classifies transactions by the Company into (a) non-disclosable transactions, (b) disclosable transactions, (c) major transactions and (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *among others*, the following applicable bases of comparison set out in Rule 1006 of the Listing Manual.

5.2 The Proposed Acquisition

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual and based on the unaudited condensed interim financial statements of the Group for the half year ended 30 September 2024 ("1H2025"), being the latest announced consolidated accounts, are as follows:

	Bases under Rule 1006	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not Applicable
(b)	The net profits / (loss) attributable to the assets acquired or disposed of, compared with the Group's net profits. ⁽¹⁾	Not Applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	48.3% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁴⁾

(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁵⁾
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Notes:-

⁽¹⁾ "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

⁽²⁾ Not applicable. The Proposed Acquisition is not an acquisition of businesses that have past profit and loss contributions but comprises land that is no longer required by the Vendor. Further, the Company intends to utilise the Property for its own use and no profits will be generated from the Property following completion of the Proposed Acquisition.

⁽³⁾ Based on the Company's market capitalisation of approximately S\$24.4 million by multiplying the 698,353,740 ordinary shares of the Company in issue as at the date of this announcement by the volume weighted average price per share of S\$0.035 as at 17 March 2025 (being the last full market day preceding the date of the Option on which the Company's shares were traded) and the aggregate value of S\$11.8 million, comprising the Purchase Consideration and the additional expenses of S\$2.3 million incurred in relation to the Proposed Acquisition, arising from, among others, stamp duty, addition and alteration works in respect of the Property as well as disposal and moving costs, in accordance with paragraph 3.2(b)(ii) of Practice Note 10.1 of the Listing Manual.

⁽⁴⁾ Not applicable as the Purchase Consideration will be satisfied wholly in cash and no equity securities will be issued as part thereof.

⁽⁴⁾ Not applicable as the Proposed Acquisition is not a disposal of mineral, oil and gas assets.

Pursuant to Chapter 10 of the Listing Manual, where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, the transaction is classified as a "major transaction" under Chapter 10 of the Listing Manual.

As the relative figure in respect of the Proposed Acquisition as computed on the bases set out in Rule 1006(c) exceeds 20%, the Proposed Acquisition constitutes a "major transaction" under Chapter 10 of the Listing Manual and as such, the approval of Shareholders at an extraordinary meeting ("**EGM**") is required for the Proposed Acquisition. A circular setting out the relevant information on the Proposed Acquisition, together with a notice of the EGM to be convened, will be despatched to the shareholders in due course.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition are presented for illustrative purposes only and are not intended to reflect the actual future financial performance and position of the Company or the Group after the completion of the Proposed Acquisition.

The financial effects set out below have been computed based on the latest audited consolidated financial statements of the Group for FY2024 as well as based on the following bases and key assumptions:

- (a) the financial effects of the Proposed Acquisition on the net tangible assets (“**NTA**”) per Share of the Group and the gearing of the Group are computed assuming that the Proposed Acquisition was completed on 31 March 2024;
- (b) the financial effects of the Proposed Acquisition on the earnings per Share (“**EPS**”) of the Group are computed assuming that the Proposed Acquisition was completed on 1 April 2023; and
- (c) expenses incurred in connection with the Proposed Acquisition, which includes, among others, stamp duty, addition and alteration works in respect of the Property as well as disposal and moving costs, are estimated to be approximately S\$2,300,000.

6.1 NTA per Share

As at 31 March 2024	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	70,041	67,741
Number of Shares (excluding treasury shares)	698,353,740	698,353,740
NTA per Share (S\$)	0.10	0.10

6.2 EPS

For FY2024	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders of the Company (S\$'000)	12,402	10,102
Number of Shares (excluding treasury shares)	698,353,740	698,353,740
EPS (S\$)	0.02	0.01

6.3 Gearing

For FY2024	Before the Proposed Acquisition	After the Proposed Acquisition
Total Borrowings of the Group (S\$'000)	25,104	33,504
Shareholders' Equity (S\$'000)	70,041	67,741
Gearing Ratio	0.36	0.49

7. **SERVICE CONTRACT**

No person will be appointed to the Board of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

To the best knowledge of the Directors, save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company (if any) nor are they related to the Vendor and the shareholders of the Vendor.

9. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

10. **CAUTIONARY STATEMENT**

Shareholders of the Company should note that there is no certainty or assurance that the Proposed Acquisition will be completed in the manner contemplated under the Option. Accordingly, shareholders of the Company are advised to exercise caution when trading in the shares of the Company. The Company will make the necessary announcements when there are further material developments on the Proposed Acquisition. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that a copy of the Option and the Valuation Report will be available for inspection during normal business hours at the Company's registered office at 8 Sungei Kadut Loop, Singapore 729455 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Chua Eng Eng
Managing Director
17 March 2025