KLW HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 199504141D

UPDATE ON USE OF PROCEEDS

The Board of Directors (the "**Directors**") of KLW Holdings Limited (the "**Company**") refers to:

(a) the issue of 1,220,139,079 new ordinary shares of SS0.01 each in the capital of the Company pursuant to the rights issue exercise completed on 31 May 2013 (the "**2013 Rights Issue**");

(b) the issue of 500,000,000 new ordinary shares of S$0.02 each in the capital of the Company pursuant to the placement exercise completed on 9 June 2014 (the "**2014 Placement**");and

(c) the issue of 2,440,278,158 new ordinary shares of S$0.02 each in the capital of the Company with up to 2,440,278,158 free detachable warrants pursuant to the rights cum warrants issue completed on 27 June 2014 (the "**2014 Rights cum Warrants Issue**").

The Directors further refer to the Company's announcement dated 30 September 2014 relating to, *inter alia*, the acquisition of property located at 301 Flinders Lane, Melbourne, Victoria (the "**Property Acquisition**").

The Company wishes to update shareholders of the Company ("**Shareholders**") on the use of proceeds from the 2013 Rights Issue, 2014 Placement and the 2014 Rights cum Warrants Issue.

The Directors wish to inform shareholders that the net proceeds of approximately S$0.4 million remaining from the 2013 Rights Issue, the net proceeds of S$10 million from the 2014 Placement, and net proceeds of approximately S$48.30 million from the 2014 Rights cum Warrants Issue have been utilised by the Company as follows:

the net proceeds of approximately S$0.4 million remaining from the 2013 Rights Issue and net proceeds of S$2,356,480 from the 2014 Placement have been used to pay for the Initial Deposit of A$2,360,000 (approximately S$2,756,480[1]) in the Property Acquisition.

Pending the deployment of the remaining net proceeds of approximately S$7,643,520 remaining from the 2014 Placement and the net proceeds of approximately S$48.30 million from the 2014 Rights cum Warrants Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short term basis, as the Directors may deem appropriate in the interest of the Group.

***Note**:*
(1) Based on the exchange rate of A$1 to S$1.168 as at the date of the Property Acquisition announcement.

FOR AND ON BEHALF OF THE BOARD

Lee Boon Teck
Managing Director
KLW Holdings Limited

27 October 2014

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*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 announcement. The details of the contact person for the Sponsor are:

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