

KLW HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199504141D)

CLARIFICATION REGARDING ARTICLE PUBLISHED BY THE STRAITS TIMES ON 7 JULY 2018

1. Introduction

The Board of Directors ("**Board**") of KLW Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wish to clarify certain matters reported in the article entitled "KLW adopts auditors' changes; no impact on FY2018 results" published in The Straits Times, Singapore on 7 July 2018. Reference is also made to the Company's announcements dated 6 July 2018 in relation to:

- (a) the Company's announcement dated 6 July 2018 in relation to reclassifications made to certain items ("**Reclassifications**") under the unaudited financial statements of the Group for the financial year ended 31 March 2018 ("**FY2018**"); and
- (b) the Company's announcement dated 6 July 2018 in relation to the inclusion of an Emphasis of Matter ("**EOM**") in the Independent Auditor's Report by its Independent Auditor, Baker Tilly TFW LLP, enclosing an extract of said Independent Auditor's Report together with the extracts of the relevant notes to the audited financial statements of the Group for FY2018.

2. Reclassifications

The Board wishes to mention that during the finalisation of the audit, its Independent Auditor, Baker Tilly TFW LLP ("**Baker Tilly**") proposed certain reclassifications of certain items for better presentation of financial information, taking into account the commercial intentions of the Company.

As mentioned in the Company's earlier announcement, these reclassifications do not result in any financial impact to its Group's profit and loss as well as its net assets. Please refer to the announcement on the Reclassifications for further information on the rationale for the same.

3. EOM in the Independent Auditor's Report

The Company notes that the article by The Straits Time stated in the last paragraph that "in KLW's filing with the Singapore Exchange yesterday afternoon, the company said the opinion of the auditor remains unqualified. However, KLW did not say why it was unqualified".

The inclusion of the EOM in the Independent Auditor's Report is to draw readers' attention to the matters disclosed in the financial statements and does not of itself affect or qualify Baker Tilly's opinion on the Group's financial statements for FY2018. As such, Baker Tilly's audit opinion on the Group's financial statements ended 31 March 2018 remains unqualified.

For completeness, the EOM in the Independent Auditor's Report relate to the ongoing legal claims and counterclaims against the Company and the ongoing investigation by Commercial Affairs Department of Singapore Police Force ("**CAD**"). The Company wishes to add that as mentioned in the Company's announcement on the EOM:

- (a) The Board is of the view that based on legal advice obtained, there are no liabilities required to be recognised in the accompanying financial statements for FY2018 in respect of the counterclaims filed against the Company, and an impairment amount of S\$7.0 million had already been fully provided for in the financial statements of the Group and the Company during the financial year ended 31 March 2015.

In addition, on 18 October 2016, the High Court has also granted summary judgment in favour of the Company for the sum of \$7.0 million, interest on the sum of \$7.0 million at the rate of 5.33% per annum from 21 November 2015 and costs of \$10,000 excluding disbursements, which are to be agreed if not taxed.

- (b) As also mentioned in the same announcement, the Board is of the view that the CAD investigations should not have material financial impact on the Group's and the Company's financial statements for FY2018, taking into account, *inter alia*, that the business and day-to-day operations of the Group are not affected by the investigations and have continued as normal.

4. General

The FY2018 Financial Statements of the Group and of the Company and the Independent Auditor's Report can also be found in the Company's annual report for FY2018, which will be released via the SGXNET and despatched to the Company's shareholders in due course.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report and the Company's annual report for FY2018 and to read the aforementioned documents in their entirety.

By order of the Board
KLW Holdings Limited

Terence Lam
Executive Director
9 July 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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