

**KLW HOLDINGS LIMITED**

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

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THIRD QUARTER RESULTS ANNOUNCEMENT DATED 14 FEBRUARY 2020

The Board of Directors (the “**Board**”) of KLW Holdings Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) wishes to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) dated 17 February 2020 in relation to the Company’s announcement dated 14 February 2020 (“**Previous Announcement**”) regarding the Group’s results for the third quarter ended 31 December 2019 (“**Q3FY2020**”).

Queries by the SGX-ST:

Revenue for Q3FY2020 increased by 7% to S\$7.0 million and cost of sales decreased by 8% to \$5.79 million in Q3FY2020. However, the selling and distribution costs increased significantly from S\$141,000 in Q3FY2019 to S\$321,000 in Q3FY2020. The admin costs also accounts for about 28.7% of the revenue.

1. **Please provide more details on the significant increase in selling and distribution expenses. Are there any changes in the Company’s commission scheme and travelling-related benefits?**

Company’s Response:

Selling and distribution expenses increased from S\$141,000 in Q3FY2019 to S\$321,000 in Q3FY2020 mainly due to: -

- (i) additional commission payments of S\$133,000 in Q3FY2020 pertaining to export sales orders from two customers as part of an increase in the export sales of doors from the Door business in Q3FY2020. There have been no changes to the Company’s commission scheme for marketing agents;
- (ii) increase in travelling related expenses of S\$10,000 associated with the Company’s selling and distribution efforts incurred by our marketing staff for two overseas visits to our customers in Q3FY2020 (as compared to only one overseas visit in Q3FY2019). There have been no changes to the Company’s travelling-related staff benefits;
- (iii) increase in freight related expenses of S\$32,000 in Q3FY2020 due to increase in the export sales of doors from the Door business in Q3FY2020; and,
- (iv) S\$5,000 due to setting up of new marketing website in Q3FY2020.

2. **Please also provide more details on the high admin expenses.**

Company’s Response:

The administrative expenses decreased from S\$2.03 million in Q3FY2019 to S\$2.01 million in Q3FY2020, which represents a decrease of 1% in Q3FY2019 to Q3FY2020. As such, administrative expenses have not increased as compared to Q3FY2019. Details of the administrative expenses in Q3FY2019 and Q3FY2020 are as follows: -

	Q3FY2020	Q3FY2019	Increase/ (Decrease)
	\$’000	\$’000	%
Staff cost, including directors’ remuneration	1,004	1,107	(9)
Professional fees	183	177	3

Depreciation	141	143	(1)
Unrealised foreign exchange loss	218	71	N/M
Office rental, utilities, and repair and maintenance	77	160	(52)
Travelling expenses	53	25	N/M
Land tax for Melbourne property	67	4	N/M
Insurance	61	69	(12)
Others	209	274	(24)
Total	2,013	2,030	(1)

N/M : Not Meaningful

By order of the Board

KLW Holdings Limited

Gloria Wong
Executive Director
19 February 2020

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 SGX-ST assumes 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.

The contact person for the Sponsor is Mr Howard Cheam Heng Haw (Telephone: +65 6232 0685) at R & T Corporate Services Pte. Ltd., 9 Straits View, Marina One West Tower, #06-07, Singapore 018937.