Independent Auditors' Report

TO THE MEMBERS OF KLW HOLDINGS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We were engaged to audit the accompanying financial statements of KLW Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 35 to 105, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Due to the matters described in the Basis for Disclaimer of Opinion paragraphs below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

(a) As disclosed in Note 7 to the financial statements, included in the Group's trade and other receivables as at 31 March 2015 was a net receivable of commitment fees amounting to $9.0 million, after an allowance for impairment loss of $7.2 million was made against the gross receivable of $16.2 million. The balance of $9.0 million was subsequently recovered by the Group as of the date of this report (see below).

As a background, during the current financial year, the Group paid a total of $16.2 million of commitment fees pursuant to three term sheets ("Term Sheets") entered into with the respective counterparties for the contemplated collaboration between the Group and these respective counterparties in certain property development and hotel acquisition projects in Bali (Indonesia) and Zhangye Gansu (China), as more fully described in Note 7 to the financial statements. The Group had not entered into any definitive agreement with the respective counterparties by the stipulated deadline of July 2014. As a result, the commitment fees of $16.2 million had since become refundable in full by the counterparties but remained unpaid and became overdue as at 31 March 2015 (the balance sheet date).

Subsequent to the balance sheet date and on 27 May 2015, the Company announced that, amongst others, the Term sheets and the commitment fees paid thereunder were without proper authorization of the Board of Directors, and had since taken the necessary actions to recover the commitment fees paid. On 26 May 2015, 27 May 2015 and 1 July 2015 respectively, the Group had managed to recover a total of $9.0 million. The remaining outstanding balance of $7.2 million was fully provided for by the Group merely on the grounds of prudence and conservatism, as publicly announced by the Company on 26 June 2015.

In the light of the above, we have not been able to obtain sufficient appropriate audit evidence and satisfactory explanations from management and the directors relating to the (i) propriety of the Term Sheets and the commitment fees paid thereunder; (ii) relationship between the Group and the counterparties as well as the credentials and financial credibility of these counterparties; (iii) commercial rationale in making substantial commitment fees to these counterparties on the execution of the Term Sheets or prior to the execution of any definitive agreement; (iv) appropriate approval processes for sanctioning major contracts and payments, in particular, the Term Sheets and commitment fees paid; and (v) appropriateness of the allowance for impairment of $7.2 million on the basis as stated above.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

Independent Auditors' Report

TO THE MEMBERS OF KLW HOLDINGS LIMITED

Basis for Disclaimer of Opinion (Continued)

(b) As announced by the Group on 27 May 2015, the Audit Committee is concerned with the internal control lapses and corporate governance failures which have been uncovered, and will undertake a review into the matter. Subsequently on 26 June 2015, the Audit Committee has appointed PricewaterhouseCoopers LLP ("PWC") as the Special Auditors to conduct an independent review relating to the above matter, including reviewing the processes and procedures concerning the Group's approval of major contracts and substantial payments.

As at the date of this report, PWC's independent review is still ongoing. Accordingly, we are unable to ascertain the pervasiveness of the potential internal control lapses and corporate governance failures and/or to determine whether any further exceptions that may be reported by PWC and any adjustments arising thereon which may have an impact on the accompanying financial statements.

(c) In view of the matters set out in the preceding paragraphs, we are unable to determine the appropriateness, completeness and accuracy of the financial statements of the Group and the balance sheet of the Company, nor are we able to quantify the extent of adjustments that might be necessary in respect of the financial statements of the Group and balance sheet of the Company for the financial year ended 31 March 2015. We are also unable to determine the related effects of those matters described above, including any effects on representations, which could only be reported and disclosed in the financial statements of the Group and the balance sheet of the Company for subsequent financial years when they become determinable and can be reasonably estimated.

Disclaimer of Opinion

Due to the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs above, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters referred to in the Basis for Disclaimer of Opinion paragraphs above, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

8 July 2015