To: KLW Holdings Limited and its shareholders

Date: 29 September 2015

Dear Shareholders of KLW Holdings Limited,

WRITTEN REPRESENTATIONS FROM THE INDEPENDENT DIRECTORS OF KLW HOLDINGS LIMITED PURSUANT TO SECTION 152(3) OF THE COMPANIES ACT

We, being the undersigned Independent Directors ("**IDs**") of KLW Holdings Limited (the "**Company**"), refer to the Company's announcement dated 24 September 2015 (the "**EGM Announcement**") enclosing the letter from Mr Quek Chek Lan ("**Mr Quek**") and Mr Siew Yong Wan ("**Mr Siew**") (the "**Relevant Shareholders**") to the shareholders of the Company and the notice of the extraordinary general meeting ("**EGM**") called by the Relevant Shareholders pursuant to Section 177 of the Companies Act (Chapter 50 of Singapore) for the purposes of, *inter alia*, voting on our proposed removal as directors of the Company and the appointment of new directors to the Company.

We hereby exercise our rights under Section 152(3) of the Companies Act to make our representations in writing to the Company on the above matters, as set out in this document. We specifically request that the Company notify the shareholders of our said representations by way of (1) an immediate announcement on SGXNet which reproduces this document in its entirety, and (2) sending a copy of this document to every shareholder by mail. We also intend to be present at the EGM to address the shareholders and provide our perspective.

We wish to provide this statement of our understanding of the facts, to update shareholders on certain relevant developments, from May 2015 up to the date of this document, in relation to the three (3) term sheets ("**Term Sheets**") entered into by the Managing Director of the Company, namely Mr Lee Boon Teck ("**Mr Lee**"), without the approval of the Board of Directors of the Company ("**Board**"), as announced by the Company on 27 May 2015 (the "**Term Sheets Announcement**").

1) On 6 May 2015, the Group Financial Controller of the Company, Ms Jaslin Gaw, whistle-blew to two (2) of the IDs that Mr Lee had, without the approval of the Board, signed the Term Sheets on behalf of the Company and its wholly-owned subsidiary, Ambertree Pte Ltd, between the period of April 2014 and June 2014 and paid out a total of S$16.2 million as commitment fees. The Term Sheets expired in July 2014 and the commitment fees, though expressed to be recoverable according to the terms of the Term Sheets, had not been fully recovered by the Company and had remained outstanding and overdue since then. The matter was then reported by the IDs to the

Company's continuing sponsor, SAC Capital Pte. Ltd. ("**Sponsor**"), following which an announcement was made on 27 May 2015. Please refer to the said Term Sheets Announcement for further details.

2) In June 2015, the IDs, in consultation with the Sponsor, appointed PricewaterhouseCoopers LLP ("**PwC**") as special auditors to the Company, to conduct a special audit ("**SA**") into, *inter alia*, the circumstances leading to the signing of the Term Sheets, as announced by the Company on 26 June 2015. PwC has indicated to the IDs and the Sponsor that the first draft of the SA report shall be made available to the Company by the end of September 2015. PwC had also indicated to the IDs that the final SA report shall be ready by end of October 2015.

3) As part of PwC's scope of investigations, PwC will look into the circumstances surrounding the Term Sheets and why subsequent quarterly management accounts submitted to the Board failed to disclose the payments of such commitment fees, highlighting any significant and unusual payments and/or other contracts that were entered into without Board approval, review cash records for the period from May 2013 to May 2015 to consider sources and usage of funds, and ascertain whether there were occurrences of any other breaches and omissions by the management or any other relevant persons during the relevant period. The IDs intend to update shareholders through the necessary announcement(s) once the SA report is finalised.

4) As at the date of this document, out of the S$16.2 million in total commitment fees to be refunded by the counterparties to the Term Sheets, the Company has managed to recover S$9.0 million. The Board had made further endeavours to recover the remaining S$7.2 million subsequently, as described below:

   - As stated in the Term Sheets Announcement of 27 May 2015, the Company entered into a written agreement with Straitsworld Advisory Limited ("**Straitsworld**"), the counterparty which is required to refund S$7 million in commitment fees to the Company under the Zhangye Property Term Sheet (as defined in the Term Sheets Announcement), and Mr Michael Chan Ewe Teik ("**Mr Chan**") (director and shareholder of Straitsworld), pursuant to which Straitsworld and Mr Chan agreed to pay the outstanding commitment fees of S$7 million within 90 days from 25 May 2015 (into escrow for the Company), and Mr Chan has also undertaken to fulfil the payment obligation of Straitsworld. As the 90 days have since elapsed and both Straitsworld and Mr Chan have failed to fulfil this payment obligation, the Company

has since filed a Writ of Summons and Statement of Claim (the "**Writ**") against Mr Chan in the High Court of Singapore on 7 September 2015. The Writ was served on 8 September 2015 and the Company issued an announcement on the same date.

- As announced by the Company on 28 August 2015, the Company has also issued a letter of demand on 19 August 2015 to recover the outstanding S$200,000 in commitment fees to be refunded under the Bali Term Sheet (as defined in the Term Sheets Announcement), after several failed attempts to recover the said sum.

5) On 26 August 2015, Mr Lee entered into an off-market transaction with Mr Quek for the acquisition and disposal, respectively, of Mr Lee's 18.2% (save for 0.1%) shareholding interest in the Company. Mr Lee did not provide prior notice to the Board and the Sponsor on the off-market transaction. We wish to highlight that the Sponsor had specifically advised the Directors in June 2015 not to deal in the Company's shares in view of the price sensitive information that the Directors might possess arising from the Term Sheets and to keep the Company and the Sponsor informed prior to entering into any share dealing transaction. Mr Lee did not also provide any explanation to the Board as to why he, as the founder cum Managing Director of the Company, decided to sell his almost entire stake, representing an 18.1% shareholding interest in the Company (Mr Lee now holds 0.1%) to Mr Quek at a greater than 60% discount to the then-prevailing market price of approximately S$0.011 per share on the day of the transaction (the sale to Mr Quek was at S$0.004 per share).

6) On 31 August 2015, the Board met with the new controlling shareholder of the Company, Mr Quek, to understand from Mr Quek his intentions and interest in the Company and whether he had any specific plan for the Company going forward, considering the current state of affairs of the Company. During the meeting, Mr Quek had indicated his intention to restructure or strengthen the Board composition of the Company, and if necessary, call for a shareholders' meeting for that purpose. Mr Quek however did not disclose any concrete plan in relation to the management of the business operations of the Company during the said meeting.

7) In response to Mr Quek's intention to restructure the Board, the IDs informed Mr Quek that the IDs intended to step down as soon as the SA was completed by PwC and recommendations by the Board on the course of action following the final SA report had been made ("**Completion**"). Hence, the IDs advised Mr Quek not to make any immediate changes to the current Board until the Completion, to enable

the IDs to properly discharge their duties and responsibilities as the IDs of the Company. As mentioned in paragraph 2 above, Completion is currently estimated to be around end October 2015.

8) On 4 September 2015, the Company received a written notice from Mr Quek and Mr Siew (being two (2) members of the Company holding not less than 10% of the total number of issued shares of the Company) of their intention to call an extraordinary general meeting under Section 177 of the Companies Act for the purposes of the removal of certain directors (including two of the IDs) and appointment of new directors to the Company.

9) Despite the Sponsor's and IDs' recommendations to Mr Quek to defer his action of calling the EGM to remove the two IDs pending the Completion of the SA, the Relevant Shareholders proceeded to call the EGM, and the Board was served the notice of EGM on 23 September 2015. Please refer to the EGM Announcement dated 24 September 2015 for a copy of the notice of EGM received by the Board.

Responding to the letter issued by the Relevant Shareholders to the shareholders of the Company in calling the EGM, we wish to express our concerns as follows:-

(A) Although the Relevant Shareholders had indicated their desire to retain Mr Ho Pong Chong as an Independent Director on the new Board to oversee the SA investigations, the IDs have been informed that Mr Ho Pong Chong has expressed his view that the Relevant Shareholders' actions of removing the two IDs (if approved at the EGM) would mean the loss of vital inputs from the said two IDs in the overseeing of the SA and its Completion.

(B) Mr Quek has nominated himself, Mr Wong Joo Wan, Mr Nicholas Narayanan and Mr Lim Jit Siew to be appointed as new directors of the Board (the "**Proposed Directors**"). Other than Mr Quek, the other three candidates are proposed to be appointed as the new independent directors of the Company ("**Proposed IDs**").

(C) We noted that Mr Quek was sitting on the board of Teledata (Singapore) Limited ("**Teledata**") from August 2004 to November 2009. He was first appointed as a director of Teledata in August 2004 and was subsequently appointed its Chairman and Managing Director in October 2004. Mr Wong Joo Wan joined Teledata as an independent director from February 2007 to June 2009. Mr Nicholas Narayanan joined Teledata in October 2004 as an independent director, the same time when Mr Quek was appointed as the Chairman and Managing Director of Teledata. Mr Narayanan left Teledata in April 2011. Mr Lim

Jit Siew joined Teledata as its Chief Financial Officer in September 2007 and resigned in May 2011.

(D) While we do not comment on the independence of the Proposed IDs, we would think that the Relevant Shareholders should clarify and fully disclose the association they have with each of the Proposed IDs (as well as any relevant relationship amongst the Proposed IDs) and the reasons why the Relevant Shareholders are seeking to appoint these persons as new directors of the Company prior to the Completion.

(E) We also understand that Mr Quek is currently over 70 years of age. Section 153 of the Companies Act provides that no person of or over the age of 70 years shall be appointed or act as a director of a public company. The exception to this restriction, under Section 153(6) of the Companies Act, requires that such an appointment be approved by "an ordinary resolution passed at an *annual* general meeting" (emphasis added). It is therefore our informed view that the proposal to appoint Mr Quek as a new director at the EGM is not in compliance with nor permitted under Section 153 of the Companies Act. Ideally, the Relevant Shareholders should retract and not proceed with the said proposal at the EGM.

(F) We urge the shareholders to consider the background and credentials of the Proposed Directors as well as the issues we have raised above. Shareholders are advised to exercise caution when voting on all of the resolutions which have been proposed by the Relevant Shareholders to be tabled at the EGM on 12 October 2015. We will make every effort to be present at the EGM to address the shareholders and provide our perspective.

Yours sincerely,

Low Hai Lee

Teo Hin Guan

I, Ho Pong Chong, an Independent Director of the Company, am in concurrence with Mr Low Hai Lee and Mr Teo Hin Guan on their statement of facts, and also share their opinions on the matters, as set out above.

Ho Pong Chong