KLW HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199504141D)
("**KLW**" or the "**Company**", and together with its subsidiaries, the "**Group**")

RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITES TRADING LIMITED RELATING TO THE ANNOUNCEMENT DATED 28 NOVEMBER 2015 ENTITLED COMPLETION OF ACQUISITION OF PROPERTY LOCATED AT 23-31 LINCOLN SQUARE SOUTH, MELBOURNE

The board of directors of the Company (the "**Board**") refers to the announcement made by the Company on 28 November 2015 in relation to the completion of acquisition of property located at 23-31 Lincoln Square South, Melbourne (the "**Acquisition**"), which was first announced on 6 March 2015, and wishes to inform that it has received queries ("**Queries**") from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 1 December 2015. The Company sets out below the Queries and its responses to the Queries, as follows:

Question 1: It was stated in the Company's announcement dated 6 March 2015 in relation to the Acquisition that the potential of the Property includes office rental, residential apartments, student accommodation and boutique hotel. What is KLW's intention for the Property going forward?

Company's Response

The Board is exploring all options stated in the 6 March 2015 announcement and, concurrently, the Company has submitted a redevelopment application to the Melbourne City Council and Victorian City and Administrative Council for redevelopment of the Property into multi-residential apartments primarily for sale. The results of its application should be known in early 2016. Appropriate SGXNet announcements will be made once the results of the Company's redevelopment application is known as well as the Board's decision on the most viable and profitable option.

Question 2: The Property was previously an office building, but is now vacant. Does the Company need to obtain relevant licences / permits if it intends to convert the Property to be used for other purposes?

Company's Response

As mentioned in 1 above, the Company has submitted a redevelopment application to the Melbourne City Council and Victorian City and Administrative Council. The Company will apply for the relevant licences and permits once the Board has made its decision.

Question 3: Who is the seller of the Property (the "Seller")?

Company's Response

The Seller is Kariba Holdings Pty Ltd, which is owned by a few foreign individuals. As stated in the Company's announcement dated 6 March 2015 in relation to the Acquisition, the Seller is an independent and unrelated third party, and none of the then directors nor substantial shareholders has any interest, direct or indirect, in the Acquisition. None of the current directors nor substantial shareholders is related to the Seller or has any interest, direct or indirect, in the Acquisition.

Question 4: It was announced in 6 March 2015 that the completion of the Acquisition is conditional on payment of balance consideration of approximately A$11 million, which is expected to occur on 27 Nov 2015. In view that the current Board of directors only came on board in October 2015, what has the current Board taken into consideration in endorsing the Acquisition within the completion timeline agreed by the previous board and management with the Seller?

Company's Response

The current Board has deliberated on the Acquisition at length, urgent site visits were made by the CEO, Mr Quek Chek Lan and independent director, Mr Wong Joo Wan and presentations made by KLW's engaged professionals including legal adviser, architect, designer and building surveyor. Based on the potential of the Acquisition and taking into account that the Company had already paid the 10% deposit of A$1.25 million as well as cost incurred in respect to the redevelopment application to the Melbourne City Council and Victorian City and Administrative Council of approximately A$0.5 million, the current Board feels that completion of the Acquisition within the completion timeline is in the best interest of the Company.

Question 5: What due diligence has the Board performed on the Property and the Seller? Given that negotiations and purchase agreement were entered into prior to /in March 2015 by the previous board and management team, what due diligence and /or negotiations were performed by the current Board and management? Has the Board reviewed the legal title of the Property? Does the Board have any concerns after reviewing the legal title of the Property?

Company's Response

Please refer to reply to Query No.4 as above. The legal title of the Property has also been reviewed. After the review, the Board is satisfied with the legal title of the Property.

Question 6: Was an independent valuation commissioned on the Property? Did the Board consider commissioning an independent valuation as part of its due diligence?

Company's Response

No independent valuation was commissioned by the then Board of Directors. The previous Board did not commission an independent valuation and the current Board is unable to confirm if it was considered. The current Board is of the view that an independent valuation is not necessary based on the following considerations:

1) the potential of the Acquisition based on the feasibility study made for the redevelopment plan,

2) approximately A$2 million had been incurred by the Company prior to the completion, and

3) the due diligence performed as mentioned in reply to Query No 4 above.

Question 7: PwC Special Audit Report released on 10 November 2015, confirmed unauthorized transactions and unauthorized payments were made in relation to KLW's property investment business. PwC also noted internal control and governance lapses, as well as potential breaches of the SGX Listing Rules and Singapore Companies Act. Did the current Board and management take PwC's findings into consideration in assessing the Acquisition? If not, how is the current Board satisfied that the Acquisition is in the best interest of the Company and shareholders?

Company's Response

Yes, the current Board has taken into account all PwC's findings for this decision and all other matters. The current Board has reviewed the potential project profitability and is satisfied that the Acquisition is in the best interest of the Company and its shareholders.

Question 8: Who is currently managing the Property?

Company's Response

The Australian properties (including the property situated at Flinders Lane) are managed by the resident director of the Company's wholly owned subsidiaries, Ambertree Vic-Mel (Flinders) Pty Ltd and Ambertree Vic Mel (Lincoln) Pty Ltd, Mr Albert Chua.

BY ORDER OF THE BOARD

KLW Holdings Limited
4 December 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**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.*

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.

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