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

SUBSIDIARY IN VIETNAM

The board of directors of the Company (the "**Board**") refers to the Company's unaudited full year financial statements and dividend announcement released on 30 May 2015, in which it was stated that the Group had during the financial year acquired a new subsidiary, Key Bay Furniture, that owned a piece of land in Vietnam that is under construction currently. The Board wishes to provide further information about the Acquisition (as defined below) in this announcement.

The full name of the subsidiary which was acquired is Key Bay Co., Ltd ("**Key Bay**"), incorporated in Vietnam. The Company's wholly-owned subsidiary in Malaysia, KLW Resources (M) Sdn Bhd ("**KLWR**"), had in April 2014 entered into a share transfer agreement (the "**SPA**") with Mr Yeh Yen Ting (the "**Vendor**") in relation to the acquisition of such number of shares representing a 100% shareholding interest in Key Bay for an aggregate consideration amount of USD1,582,532 (approximately S$2,128,506[1]) (the "**Consideration**") (the "**Acquisition**"). Pursuant to the SPA and following the satisfaction of part of the Consideration, KLWR had, during the financial year ended 31 March 2015, initially acquired a 60% shareholding interest in Key Bay. On 25 March 2015, KLWR had satisfied the outstanding Consideration amount and has acquired control of Key Bay, pursuant to which Key Bay is now considered by the Company to be a wholly-owned subsidiary of KLWR.

Key Bay is in the principal business of wood manufacturing and the processing of all types of wooden doors. As at the date of the SPA and this announcement date, Key Bay has not commenced the business. The Acquisition was made for the Company's purpose of constructing a door manufacturing facility on a plot of land in Vietnam ("**Land**"), to which Key Bay owns the land use rights of the Land for a period up to 6 September 2063. The new production facility in Vietnam is about 85% completed currently and is expected to be fully operational by the end of the current financial year. Upon its completion, Vietnam will be the third country in which the Company's door manufacturing facilities are located, in addition to its existing facilities in Malaysia and China. As stated in the Company's announcement dated 4 June 2015 entitled "Update on Use of Proceeds", certain funds were re-deployed for the construction of the factory in Vietnam, which is owned by Key Bay.

The Vendor is an independent third party who has no relationship with the Group, the substantial shareholders or the directors of the Company.

The Consideration was paid by KLWR to the Vendor in cash in the following manner:

(a) a USD800,000 (approximately S$1,076,000) deposit paid following the signing of the SPA in April 2014;

(b) a second payment of USD300,000 (approximately S$403,500) paid in May 2014; and

[1] Unless otherwise specified, the illustrative exchange rate used in this announcement is 1 USD : S$1.345.

(c) the final amount of USD482,532 (approximately S$649,006) paid in March 2015.

The Consideration was arrived at pursuant to arm's length negotiations between KLWR and the Vendor on a willing-buyer willing-seller basis and taking into account the prevailing market prices of comparable land sites in Vietnam.

The audited net asset value of Key Bay as at 31 December 2013, which was made available to the Company prior to the SPA, is VND 5,869,050,000 (approximately S$363,881[2]). For the purposes of the audited financial statements for the financial year ended 31 March 2015, the Company has commissioned the valuer, Jones Lang LaSalle ("**JLL**"), to perform a valuation on the Land. Based on the valuation report dated 18 June 2015 issued by JLL, the value of the Land is USD2,200,000 (approximately S$2,959,000). The method used by JLL for the valuation is the direct comparison method.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective shareholding, if any, in the Company.

FOR AND ON BEHALF OF THE BOARD

Lee Boon Teck
Managing Director
KLW Holdings Limited

7 July 2015

---

*This announcement has 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. The details of the contact person for the Sponsor are:

Name: Mr. Ong Hwee Li, Registered Professional
Address: 1 Robinson Road, #21-02 AIA Tower, Singapore 048542
Tel: (65) 6221 5590

[2] Unless otherwise specified, the illustrative exchange rate used in this announcement is VND1 : S$0.000062.