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

FINDINGS TO DATE BY THE SPECIAL AUDITORS

The board of directors (the "**Board**") **of** KLW Holdings Limited (the **"Company")** refers to the announcement made on 27 May 2015 regarding the entering and payment of commitment fees of a total of S$16.2 million in respect of the Bali Term Sheet, Zhangye Hotel Term Sheet, and the Zhangye Property Term Sheet; and the announcement on 26 June 2015 regarding the appointment of PricewaterhouseCoopers LLP **("PwC")** as special auditors to carry out a special review into the financial affairs of the Company and some of its key subsidiaries, and in particular:

a) to determine the facts and circumstances surrounding the entering of the Bali Term Sheet, the Zhangye Hotel Term Sheet and the Zhangye Property Term Sheet;

b) to review significant payments made for a specific period of time to establish whether there are any other similar unusual payments made during this period; and

c) to make recommendations on enhancement of internal controls lapses and corporate governance on the contracting and payment process.

Subsequent to the appointment of the special auditors to look into the financial affairs of the Company, the Company has convened an EGM on 12 October 2015 to implement the following:

1. Remove the Managing Director, Mr Lee Boon Teck from the Board. We will also be removing him from the boards of all Group companies. However, in view of his vast experience in the industry, the Board intends to appoint Mr Lee Boon Teck as a consultant in the core door-making business of the Company assisting the Chief Executive Officer. The Board feels that this will better serve the interests of all stakeholders; and

2. Renew the Board by replacing the previous Independent Directors namely, Mr Teo Hin Guan and Mr Low Hai Lee, and replace with Mr Wong Joo Wan, Mr Lim Jit Siew and Mr

Nicholas Narayanan as the new Independent Directors. One of the previous Independent Director, Mr Ho Pong Chong, was originally retained by the Company to oversee the special audit conducted by PwC. However, Mr Ho Pong Chong tendered his resignation on 13 October 2015.

The newly appointed Board has since implemented the following procedures to safeguard shareholders' interest, and strengthen and enhance the Company's processes:

1. Removal of Mr Lee Boon Teck as one of the Company's bank signatories;

2. Review of the Company's cheque signing limits and imposed limitations on the mandate of the management's authority to disburse Company's funds;

3. Discontinue immediately the use of blank cheques, cash cheques and splitting of payments to the same vendor on the same day into multiple cheques which can circumvent bank signatory limits;

4. Setting limits of authority for the Chief Executive Officer/Managing Director;

5. Jaslin Gaw, the Group Financial Controller, will relinquish her role as the Group Financial Controller, cease to be a cheque signatory for the Group and be redeployed to operations and human resources so as to prevent a recurrence of past breaches of internal control and corporate governance. We will look for a suitable replacement;

6. Involvement of the new Independent Directors as authorised cheque signatories; and

7. Appointment of Drew & Napier LLC as the legal counsel to advise the Board on the implications of the transactions under the special audit.

The newly appointed Board is currently also in the process of reviewing the Company's management structure and continuing renewal of the management team.

Further, the Company has announced on 20 October 2015 that its current Continuing Sponsor, SAC Capital Private Limited, has tendered its resignation and its last day of appointment is 31 December 2015. In respect of this matter, the Board has actively been in discussion with various potential parties to take over this role.

Please note the following SGX-ST Rule 746 applicable to companies listed on the Catalist board,

"(4) If an issuer does not have a sponsor undertaking continuing activities for it, the Exchange will suspend the issuer until a sponsor takes on the activity.
(5) The Exchange may remove an issuer from the Official List that does not have a sponsor for more than 3 continuous months."

PwC has since completed its review and issued the Findings to Date ("Findings") to the Audit Committee (the "**AC**") on 4 November 2015.

The current AC is carefully studying the Findings issued by the special auditors, PwC, and is committed to carry out the recommendations made by PwC, in particular:

1. Commissioning a thorough review of the corporate governance and internal controls of the Company to ensure that the various lapses in controls are immediately rectified and appropriate control measures are immediately implemented;

2. Working with its newly appointed lawyer, Drew & Napier LLC, to review the potential breaches of the SGX Catalist Rules and the Singapore Companies Act in light of PwC's findings and seek advice on the legal implications and actions if any to be taken by the Board;

3. Following up on the necessary steps to secure the Company's effective ownership in Key Bay Furniture Co., Ltd, including obtaining legal advice, where necessary, and following up with the relevant Vietnam authorities;

4. Instructing the finance team to continue tracking and reconciling the various book accounts to determine the net amounts owing to/from Mr Lee Boon Teck from/to the Company and providing oversight to implement proper procedures to ensure that all loans to directors, including all relevant terms thereof, are properly approved, disclosed and documented; and

5. Pursue the recovery of the S$7.2 million from Mr Michael Chan.

A copy of the Executive Summary from the Findings is annexed to this announcement.

SHAREHOLDERS SHOULD REFER TO THE EXECUTIVE SUMMARY OF THE FINDINGS IN ITS ENTIRETY FOR FURTHER DETAILS AND FOR COMPLETENESS.

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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. The details of the contact person for the Sponsor are:

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