KLW HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 199504141D

UPDATE ON USE OF PROCEEDS

The Board of Directors (the "**Board**") of KLW Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Circular to shareholders of the Company dated 29 April 2014 ("**Circular**") in relation to the following:

(a) the issue of 500,000,000 new ordinary shares in the capital of the Company ("**Shares**") at an issue price of S$0.02 pursuant to the placement exercise which was completed on 9 June 2014 (the "**2014 Placement**");and

(b) the issue of 2,440,278,158 new Shares at an issue price of S$0.02 with up to 2,440,278,158 free detachable warrants pursuant to the rights cum warrants issue which was completed on 27 June 2014 (the "**2014 Rights cum Warrants Issue**").

Further to the previous update made by the Company on 4 November 2014 in its unaudited half year financial results for the financial year ended 31 March 2015 ("**Results Announcement**"), the Company wishes to update shareholders of the Company on the status of the use of proceeds from the 2014 Placement and the 2014 Rights cum Warrants Issue as at the date of this announcement, as below.

2014 Placement

Use of proceeds	Amount allocated	Revised allocation	Utilisation	Balance
Funding acquisition opportunities (1)	S$7.84 million	S$7.84 million	S$7.84 million	Nil
Working Capital (2)	S$1.96 million	S$1.96 million	S$1.96 million	Nil
Total	**S$9.80 million**	**S$9.8 million**	**S$9.80 million**	**Nil**

Note (1):

(i) S$2.8 million was utilised for the acquisition of property located at 301 Flinders Lane, Melbourne, Australia.

(ii) The balance net proceeds of S$5.04 million was utilised for the refundable commitment fees paid for the property development project in Zhangye Gangsu, the People's Republic of China. Please refer to the Company's announcement dated 27 May 2015 for further details.

Note (2):

S$1.96 million was used to fund the operating expenses of the Group, mainly for the payment of salary, trade creditors, rental, utilities, building maintenance related cost for the Company's industrial unit at Senoko Loop and professional fees.

The Company refers to the Results Announcement which stated that S$1.1 million from the working capital was used for the purchase of industrial property. The Board wishes to clarify that the funds were redeployed from the 2014 Rights cum Warrant Issue, as explained below.

2014 Rights cum Warrants Issue

Use of proceeds	**Amount allocated**	**Revised allocation**	**Utilisation**	**Balance**
Funding acquisition opportunities (1) (3)	S$38.64 million	S$32.84 million	S$11.10 million	S$21.74 million
Working Capital(2)	S$9.66 million	S$9.66 million	S$2.74 million	S$6.92 million
Funding for the purchase or construction of premises or factory for operational and manufacturing use:	-			
(1) Funding for the purchase of an industrial unit for operational purposes(3)		S$1.10 million	S$1.10 million	-
(2) Funding for construction of a factory in Vietnam(3)		S$4.70 million	S$4.70 million	-
Total	**S$48.30 million**	**S$48.30 million**	**S$19.64 million**	**S$28.66 million**

Note (1):

(i) S$9.40 million was utilised for the acquisition of property located at 301 Flinders Lane, Melbourne, Australia.
(ii) S$1.70 million was utilised for the acquisition of property located at Lincoln Square South, Melbourne, Australia.

Note (2):

(i) S$2.24 million was used to fund the operating expenses of the Group, mainly for the payment of salary, audit fees, directors' fees, office rental, utilities, professional fees and repayment of interest free director's loan extended for working capital purposes.

(ii) S$0.5 million was used for reinstatement of 19 Senoko Loop industrial building prior to expiry of lease with the landlord.

Note (3):

(i) The Company refers to the Results Announcement which stated that S$1.1 million from the working capital was used for the purchase of industrial property, and wishes to clarify that S$1.1 million which was intended for funding acquisition opportunities, as set out in the Circular, has been deployed to fund the purchase of an industrial unit in Singapore for general warehousing, office and work areas for project works in Singapore.

Following the termination of several acquisition opportunities, including the termination of proposed acquisition of Wah Loon Group as announced on 12 December 2014 and the termination of proposed acquisition of Mega Sun Development Limited as announced on 29 January 2015 ("**Terminations**"), the Company, the Company's acquisition plan has been shelved and there was no immediate and definite plan to use a significant portion of the original allocated proceeds for acquisition opportunities. Therefore, the Board is of the view that funds can be better utilized for expansion of the Group's door business. The re-deployment of the Group's financial resources to this purchase is integral to the logistic needs and operations of the Group's door project contracts in the Singapore market after the termination of lease in the industrial building located at Senoko Loop.

(ii) In addition, funds originally allocated for acquisition opportunities was also re-deployed (S$4.7 million) in part for the construction of a manufacturing factory in Vietnam as part of the expansion of the Company's door making business. The Board is of the view that the Vietnam factory, once completed will form an important part of the Group's overall manufacturing capacity and capability; offering both geographical diversity in our manufacturing bases and potential savings on our production costs.

In relation to Note (3) under both the 2014 Placement and the 2014 Rights cum Warrants Issue above, the Board and Audit Committee of the Company have considered the merits of the re-deployment of funds towards expanding the infrastructure needs of the Group's door business. The Goup is expected to see significant surplus balance in its net proceeds raised for funding of acquisition opportunities with the Terminations and the Group's current stand on putting on hold future real estate/property related acquisitions. The Group's focus in the near term will be to complete the outstanding property development project and to review the Group's business engagement strategies in this sector; amongst others, the Group's financial and people resource needs. The Board and the Audit Committee are of the view that such funds usage will served to entrench and strengthen the Group's door division operations and businesses.

The Company will make further announcements via SGXNET as and when the remaining net proceeds from the 2014 Rights cum Warrants Issue are materially disbursed.

FOR AND ON BEHALF OF THE BOARD

Lee Boon Teck
Managing Director
KLW Holdings Limited

4 June 2015

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the 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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