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

UPDATE ON LEGAL PROCEEDINGS

Unless otherwise expressly specified, capitalised terms used in this announcement shall bear the same meanings as defined in the Writ of Summons Announcement (as defined below).

The board of directors of the Company (the "**Board**") refers to the Company's announcements on 27 May 2015, 26 June 2015 and 28 August 2015, as well as the announcement on 8 September 2015 in relation to the Writ issued by the Company against Mr Chan and filed in the High Court of Singapore on 7 September 2015 ("**Writ of Summons Announcement**"). The Board wishes to provide an update on the legal proceedings referred to in the Writ of Summons Announcement.

In response to the Writ, Mr Chan had on 30 September 2015 filed a Defence and Counterclaim ("**DCC**") in the High Court of Singapore. The DCC was deemed to be served on the Company on 1 October 2015. Under the DCC, Mr Chan *inter alia* has denied the claims of the Company as set out in the Writ, and has further counterclaimed for the following amounts which he has alleged are owing to him from the Company:

(a) S$750,000, which Mr Chan has alleged is in respect of an interest-free loan (the "**Alleged Loan**") which he had extended to the Company in or around October 2010, allegedly at the request of Mr Lee Boon Teck ("**Mr Lee**"), the Managing Director of the Company, for and on behalf of the Company;

(b) S$500,000, which Mr Chan has alleged is commission due to him pursuant to an oral agreement between Mr Chan and Mr Lee, acting for and on behalf of the Company, in or around June 2014, where Mr Lee had allegedly represented to Mr Chan that, if Mr Chan introduced an investor to subscribe for shares in a rights issue by the Company, Mr Chan would receive a 5% commission based on the amount invested by the said subscriber. Mr Chan then claimed that he had introduced the non-executive chairman of the Company, Pengiran Muda Abdul Qawi, who acquired shares worth S$10,000,000 under a rights issue by the Company; and

(c) S$2,200,000. Mr Chan has alleged that S$2,000,000 was paid by him to the Company in or around June 2014 at Mr Lee's request, acting for and on behalf of the Company, for the purpose of the facilitation of alleged discussions between the Company and the shareholders of an Indonesian company, PT Atlas Sutera Jaya, in connection with a potential acquisition of PT Atlas Sutera Jaya. In the DCC, Mr Chan did not provide any reasons for claiming S$2,200,000 when the amount he had allegedly paid was only S$2,000,000.

In response to the above, the Company has filed a Reply and Defence to Counterclaim in the High Court of Singapore on 9 October 2015, in which the Company has expressly denied all of the above allegations set out in Mr Chan's counterclaims and has put Mr Chan to strict proof of each of his counterclaims. The Company intends to continue to vigorously pursue its claims against Mr Chan and to defend these counterclaims, as they are without merit. The Company has also filed a report with the Commercial Affairs Department of the Singapore Police Force in relation to the above.

The Company will make further announcements on any material developments on the above matters at the appropriate time.

Shareholders are advised to exercise caution when dealing in the securities of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Shareholders should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.

By Order of the Board
KLW Holdings Limited

12 October 2015

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*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:

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