



KLW HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No.199504141D

**RESPONSE TO THE REPRIMAND ISSUED BY THE SINGAPORE EXCHANGE TO
KLW HOLDINGS LIMITED (THE "COMPANY") AND ITS FORMER MANAGING
DIRECTOR AND GROUP FINANCIAL CONTROLLER DATED 3 OCTOBER 2016**

The board of directors (the "**Board**") refers to the reprimand issued by the Singapore Exchange ("**SGX**") on 3 October 2016 (the "**Reprimand**") to the Company, its former managing director and former group financial controller for breaches of the Catalist Rules.

The Board wishes to inform shareholders that the breaches of Catalist Rules set out in the Reprimand had occurred in 2014 and 2015 under its previous Board and management (some of whom are no longer with the Company). Specifically, the employment of the two officers referred to in the Reprimand, namely Mr. Lee Boon Teck ("**Mr. Lee**") and Ms. Jaslin Gaw Kuan Ching ("**Ms. Gaw**"), had also ceased.

Mr. Lee was removed as a director at the Company's extraordinary general meeting convened on 12 October 2015 and no longer holds any executive role in the Group. Mr. Lee is currently an independent consultant of the Company on the marketing and manufacturing of doors. He is not an employee of the Group, does not hold any executive role in the Group and is not a bank signatory of the Company. The Board is currently reviewing the role of Mr. Lee and will make further announcements as and when there are material developments on this matter.

Ms. Gaw was removed from the finance function (including that of cheque signatory) and corporate decision making function in the Group and transferred to the human resource department with effect from 10 November 2015. On 6 October 2016, following the Reprimand, Ms. Gaw submitted her resignation and the Company has accepted her resignation with immediate effect.

The Board wishes to highlight to shareholders that the Company has implemented a series of actions and measures to safeguard the interest of the Company's shareholders. Please refer to the Company's announcement dated 10 November 2015 entitled "**Findings to date by the Special Auditors**" in relation to the special audit report (the "**PwC Report**") issued by the special auditors, PricewaterhouseCoopers LLP, and the Report on Corporate Governance as set out in the Company's annual report for FY 2015/2016 dated 15 July 2016 for details of the actions and measures taken.

In its continuing efforts to strengthen its system of internal controls, the Company has also appointed BDO LLP ("**BDO**") as the Group's new internal auditor with effect from 24 March 2016 to review the findings set out in the PwC Report. BDO has concluded its review of the findings in the PwC Report with key recommendations.

The Company has adopted BDO's recommendations by implementing new internal control policies. The policies cover, *inter alia*, treasury and investment functions that establish, among other things, a system of checks and balances for payment processes, cheque signing limits, evaluation and approving authority for investment activities and full compliance in corporate disclosures.

The newly reconstituted Board reiterates its commitment to maintaining a high standard in corporate governance. The Company shall also continue its ongoing efforts to strengthen and enhance its internal processes and controls.

By Order of the Board

Gloria Wong
Executive Director
12 October 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**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 including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Howard Cheam Heng Haw (Telephone: +65 6232 0685) at R & T Corporate Services Pte. Ltd., 9 Battery Road, #25-01 Straits Trading Building, Singapore 049910.