



(Company Registration No. 200415164G)
(Incorporated in Singapore)
(the "Company")

RESPONSE TO SGX QUERIES

*Unless otherwise specified, capitalised terms used herein shall bear the same meaning ascribed to the announcement dated 13 October 2021 in relation to the qualified opinion and emphasis of matter on the audited financial statements for the financial year ended 31 March 2021 ("**Announcement**").*

The Board of Directors (the "**Board**") of KOP Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refer to the Announcement.

The Company sets out below the queries raised by the SGX-ST on 14 October 2021 and the Company's responses to the queries.

Query 1

In respect of the on-going arbitration, is there an estimated date of conclusion of the arbitration?

Company's Response

As announced by the Company on 5 March 2021 and 3 June 2021, the Group is unable to disclose more details pertaining to the arbitration at this juncture.

Query 2

The audit opinion stated that there were factors that indicate the existence of material uncertainty which may cast significant doubt about the Group's and the Company's abilities to continue as a going concern. Did the Group/Company receive any LODs thus far?

Company's Response

The aforementioned factors the auditors referred to uncertainty as to the timing of expected recovery and the extent of impact on the Group's hospitality operations in Indonesia resulting from COVID-19 pandemic.

The Company has not received any Letter of Demand as of the date of this announcement.

Query 3

The directors are confident that the Group and the Company will be able to generate sufficient cash flows from operating activities in the next 12 months from the date of authorisation of the financial statements. What are the key assumptions of the projections?

Company's Response

Key assumptions include:

- **Income from Montigo Resorts, Nongsa and Montigo Resorts, Seminyak**

The Group is looking to open up its Montigo Resorts to foreign visitors, for the last quarter of 2021. While the projected income is subject to some uncertainties relating to the COVID-19 situation, the Group believes this assumption is reasonable for the following reasons:

Firstly, the COVID-19 situation in Indonesia has been generally under control with significant declines in the number of infected cases and deaths. In particular, Bali, where the Montigo Resorts, Seminyak is located, has opened up its border to travellers from certain countries since 14 October 2021.

Secondly, as vaccination rates continue to increase, the Group does not foresee a repeat of full lockdowns across countries in response to COVID-19 outbreaks. Hence the Group is of the view that bookings for the Montigo Resorts are unlikely to be significantly impacted in the coming months.

- **Implementation of cost control measures**

The Group's on-going operating activities will continue to rely on strict implementation of cost control measures. These measures involve employees (inclusive of directors and management personnel) taking unpaid leave and/or annual leave where necessary, pay reductions, deferment of salary of certain directors and management personnel until cash flows of the Group and the Company improve.

In day-to-day operations, the Group will focus on reducing minimum consumption of energy and temporarily suspend services that are not required during this period.

- **Drawdown of shareholder's loan and extension of repayment of shareholders' loans, to provide continual support for operating activities and working capital sufficiency**

The Group's operating activities and working capital sufficiency continue to be relied on the drawdown of the loan from ultimate holding company. In addition, the Group's existing controlling shareholder's loan has been extended for another 12 months and the repayment of the loan from the Company's ultimate holding company has been extended until cash flows of the Company improve. Please refer to the announcement dated 13 October 2021 for more details. The extension of the loans would provide more buffer for the Group to fully focus on the resumption of operations during this period.

- **Restructuring of bank borrowings, to provide continual support for operating activities and working capital sufficiency**

The Group's operating activities and working capital sufficiency are also supported via the restructuring of bank borrowings. The monthly repayment of loan principal for a particular loan has been deferred, and will only commence in January 2022. This will provide greater flexibility and buffer for the Group over this period.

Query 4

What are the sponsor's views and justifications on the reasonableness of the assumptions? What are the sponsor's views as to the Company's cash flow projections for the next 12 months?

Company's Response

The Sponsor has assessed the reasonableness of the key assumptions made in our response to Query 3 and nothing has come to the Sponsor's attention to believe that the Company's key assumptions are not reasonable.

The Sponsor has also assessed the Company's cash flow projections and while the cash flow projections are subject to uncertainties, the Sponsor noted similar previous financial support provided by the controlling shareholder for the working capital requirements of the Group. Accordingly, nothing has come to the Sponsor's attention to believe that the Company's cash flow projections are not reasonable.

Query 5

Please provide the Board of Directors' and sponsor's opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.

Company's Response

The Board of Directors are of the opinion that no suspension in trading of the Company's shares is needed pursuant to Listing Rule 1303(3) as the Group is still able to operate as a going concern based on the Group's projections and assumptions as set out in our response to Query 3.

Based on the representations made by the Group, the Board of Directors and the precedent financial support provided by the controlling shareholders of the Group, nothing has come to the attention of the Sponsor that the Company's shares should be suspended pursuant to Listing Rule 1303(3).

Query 6

Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's Response

The Board of Directors confirms that sufficient information has been disclosed to enable the trading of the Company's shares to continue in an orderly manner.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
18 October 2021

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital 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.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

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