



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

RESPONSE TO SGX QUERIES

The Board of Directors (the "**Board**") of KOP Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 7 September 2022 in relation to annual report for the financial year ended 31 March 2022. *Unless otherwise specified, all capitalised terms used herein shall bear the same meaning ascribed to them in the aforesaid announcement.*

The Company has received the following queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 12 September 2022, and sets out its responses to the queries as follows:

We refer to the Company's announcement on 7 September 2022 titled Annual Reports and Related Documents.

The audit opinion stated that:

- (a) Notwithstanding the audit opinion, the directors are of the view that it is appropriate to prepare these financial statements on a going concern basis due to the following factors, i.e. expected recovery in its hospitality business, controlling shareholders' undertaking, extension of repayment terms and proceeds expected from disposals.**
- (b) The Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities.**

Query 1

For factors mentioned in (a), please explain if the abovementioned factors have materialised and provides sufficient working capital for the Company.

Company's Response

As disclosed in the notes to financial statements ("**Note**") 2.1, page 51 of the Company's annual report, the directors are of the view that it is appropriate to prepare these financial statements on a going concern basis due to the following factors:

- i. Following the lifting of travel restrictions by various countries, the Group's hospitality segment is expected to recover in the next financial year. Accordingly, 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.
- ii. The Group's controlling shareholders, Ms. Ong Chih Ching and Ms. Leny Suparman have undertaken that in the event that the Group is unable to meet its financial obligations, the controlling shareholders will jointly and severally subscribe to new ordinary shares of the Company for up to \$10 million.
- iii. The repayment of the loan from the Company's ultimate holding company of approximately \$11.1 million (Note 26(b)) has been extended until cash flows of the Company improves.
- iv. The proceeds from the disposal of the non-current asset held for sale are expected to be received in the next 12 months.

In the event that the above-mentioned proceeds do not materialise on a timely basis, the shareholder agreed that he will not seek for repayment of the loan principal of \$37 million due on 9 November 2022 (Note 26(a)) plus interest of approximately \$5.5 million (Note 25) together with the on-going interest accrued until the receipt of the proceeds from the disposal of the non-current asset held for sale (Note 21) or 7 September 2023, whichever is earlier.

As of the date of this announcement,

- i. The Group's hospitality segment, Montigo Resorts, Nongsa and Montigo Resorts, Seminyak has recovered close to pre-COVID period. Bookings have picked up substantially and expected to generate positive cash flow.
- ii. The Company has obtained the undertaking from the Group's controlling shareholders, Ms. Ong Chih Ching and Ms. Leny Suparman.
- iii. The Company has obtained confirmation from Company's ultimate holding company, KOP Group Pte. Ltd..
- iv. As disclosed in the announcement dated 9 September 2022, the arbitrator has requested and SHIAC had agreed for an extension of time for the judgement to be delivered. The extension of time for the judgement is until 2 October 2022. In the event that the above-mentioned proceeds do not materialise on a timely basis, the Company has obtained the undertaking from the shareholder.

Query 2

For (b), please clarify the events which may result in this happening, and the current status of such events.

Company's Response

As disclosed in the Note 2.1, page 51 of the Company's annual report, if the Group and the Company are unable to generate sufficient cash flows, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities.

As of the date of this announcement, there is no such events which may result in the reclassification of non-current assets and liabilities as current assets and liabilities.

Query 3

In addition to the going concern issue highlighted by the auditors, we noted that the Group is highly dependent on the borrowings from bank and shareholders and cash flow generated from operations are negative. How would these factors affect the Group's ability to service its debts as and when they fall due?

Company's Response

With the lifting of the travel restrictions by various countries, Montigo Resorts, Nongsa and Montigo Resorts, Seminyak are fully opened and the Group is cautiously optimistic and anticipates higher occupancy rates in the next 12 months from the date of authorisation of the financial statements which will ultimately improves the cash flows of the Group. In the meantime, the Group's controlling shareholders, Ms. Ong Chih Ching and Ms. Leny Suparman and the Company's ultimate holding company, KOP Group Pte. Ltd. will continue to provide financial support to the Company where necessary. The extension of the loans from the Company's ultimate holding company would provide more buffer for the Group to fully focus on the resumption of operations during this period.

The Group's operating activities and working capital sufficiency are also supported via the restructuring of bank borrowings. As disclosed in Note 22, page 87 of the Company's annual report, the Group was granted an indicative restructuring scheme in relation to its 7-year USD loan on 31 May 2022 (subsequent to the reporting period), whereby the principal payments for the amounts due from 1 January 2022 to 31 December 2022 have been deferred and will recommence thereafter from 1 January 2023. This will provide greater flexibility and buffer for the Group over this period.

Query 4

Please provide AC's re-assessment on the going concern assumption, taking into account factors that have materialised to date.

Company's Response

The Audit and Risk Committee (the "ARC") had assessed the Group and the Company are able to continue as going concern for the next 12 months based on the above responses mentioned in Query 1-3.

Query 5

Please provide Sponsor's re-assessment on the going concern assumption, taking into account factors that have materialised to date.

Company's Response

Having considered the abovementioned consideration provided by the Group and assessment made by the ARC, the Sponsor concurs with the ARC's view that the Group and the Company are able to continue as going concern.

Query 6

Did the Group/Company receive any LODs thus far?

Company's Response

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

Query 7

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

As set out in the annual report and reiterated in the Company's response above, the Board is of the view that the Company and the Group are able to operate as a going concern. Accordingly, the Board is of the opinion that no suspension in trading of the Company's shares is required pursuant to Rule 1303(3) of the Listing Manual – Section B: Rules of the Catalist of SGX-ST ("**Catalist Rules**").

Based on the representations made by the Group, assessments made by the ARC and the Board as well the financial support provided by the controlling shareholders of the Group and the ultimate holding company of the Group, the Sponsor concurs with the Board's view that the Company's shares should not be suspended pursuant to Rule 1303(3) of the Catalist Rules.

Query 8

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 confirms that sufficient information has been disclosed to enable the trading of the Company's shares to continue in an orderly manner. The Board will continue to assess and monitor closely on the business developments, including the progress on arbitration and the Company will provide timely updates to shareholders through announcements via SGXNET as and when appropriate.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
13 September 2022

*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**").*

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.

The contact person for the Sponsor is Mr. Khong Choun Mun, Registered Professional, 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtgoc.com.