

KOP LIMITED

ANNUAL REPORT 2021



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This annual report 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 annual report.

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

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

COMPANY PROFILE

KOP Limited (“**KOPL**” or the “**Group**”) is a Singapore-based real estate development and entertainment company with a diversified and robust portfolio of developments and investments in Singapore as well as the region.

With origins leading back to KOP Properties Pte. Ltd., the Group has quickly built a reputation as a developer of niche, iconic and award-winning projects such as The Ritz-Carlton Residences, Montigo Resorts, Nongsa and Seminyak in Indonesia, and the upcoming Wintastar in Shanghai. Wintastar Shanghai is the highly-anticipated integrated sports-entertainment-tourism resort that will house the world’s largest indoor Ski & Snow Park. KOPL’s property business covers areas of real estate development, investment

and management services and is built on an integrated business model. Through a broad range of distinctive and award-winning real estate and hospitality projects crafted with quality design and workmanship, KOPL provides unique living and leisure experiences to its clients.

Leveraging on the strategic synergies between its subsidiaries, KOPL is empowered to expand its core business of property development and incorporate entertainment elements into various ventures, adding flavour and character to real estate. Through spearheading high-quality and innovative projects, with the objective to strengthen its market leadership, KOPL aims to generate growing returns for its shareholders and investors.



CHAIRMAN STATEMENT

DEAR FELLOW SHAREHOLDERS,

On behalf of the Board of Directors, I am presenting the KOP Limited (“**KOPL**” or the “**Group**”) annual report for the financial year ended 31 March 2021 (“**FY2021**”).

NEW NORMAL FOR COVID

With the continuing of the unprecedented health crisis, this year was an extremely challenging year for KOPL. The global travel and tourism industries were among the industries adversely affected by the pandemic, resulted from the movement control. Travel ban and closure of the countries’ borders have been imposed in many countries to curb the spread of the virus.

Consequently, our Montigo Resorts, Nongsa and Montigo Resorts, Seminyak (“**Resorts**”) have both experienced a decrease in demand. We were forced to close the Resorts and only reopened during weekends in last quarter of 2020 with very limited domestic business. A series of cost control measures have been implemented during this period. On the other hand, we have also rolled-out a series of sales and marketing campaigns domestically to generate additional sales during this period. Meanwhile, we will continue to deploy our own resources to refurbish and maintain the Resorts so we are geared up for re-opening once the travel restrictions are lifted.

While safeguarding the viability of the business, our utmost priority has been the safety and well-being of all our staff, guests, and associates. We have put in place stringent health and precautionary measures, inclusive but not limited to deep cleaning and sanitising the Resorts regularly, to ensure the cleanliness of the properties as well as the well-being of our staff and guests.

Back in Singapore, the staff continue to take unpaid leave and/or pay cuts. We have been leveraging on Government support to train and upgrade our staff to new areas. We have also implemented alternate working arrangements such as staggered working hours as well as work from home to minimise the risk of exposure during commuting.

For our real estate development and investment segment, despite the recession caused by various measures implemented by Singapore to control the spread of the virus, the property market improved over the past one (1) year, and we managed to sell a few units during the financial year.

For our real estate origination and management services segment, we managed to secure some advisory and consultancy business during the year and we will continue to leverage our experience in this aspect.

For our Wintastar Shanghai, while the North plot is still under construction, the South plot has been completed and we look forward to the opening in the next few months.

LOOKING AHEAD

While global economic conditions are expected to recover by the progressive roll-out of the vaccination programmes by various countries, the outlook of the global economy continues to be fraught with uncertainties. The management will remain cautious on future prospects during this period as we remain prudent in cost management and continue to focus on improving our operational efficiency to optimise the utilisation of our resources.

Hopefully, the situation turns around and we will have a better year ahead.

APPRECIATION

There are many that I would like to thank for all they have done last year. My most sincere appreciation goes to the Board of Directors who have provided invaluable insight and wise counsel to me and the Group. I would like to take this opportunity to recognise our management team and staff for their commitment and hard work in constantly driving the Group forward regardless of the challenging conditions. To our guests, clients, business partners and associates, I would like to express our deepest gratitude for your unwavering support over the years.

Last but not least, to our fellow shareholders who have continued to place their faith and trust in us, we would like to express our appreciation for your patience as we seek to bring KOP to new heights and endeavour large-scale estates while concurrently pursuing new projects. With your support, we continue to strive to build KOP into a leading real estate and hospitality lifestyle group.

MS ONG CHIH CHING

Executive Chairman and Executive Director

BOARD OF DIRECTORS

MS ONG CHIH CHING

Executive Chairman and Executive Director

Ong Chih Ching is the Executive Chairman and Executive Director of KOP Limited. She is responsible for the Company's vision, development and strategic planning as well as growth of the Group's business.

Ong Chih Ching was the chairman and co-founder of KOP Properties Pte. Ltd. and KOP Group Pte. Ltd., and was responsible for a number of ground-breaking real estate projects including The Ritz-Carlton Residences, Singapore, Cairnhill, the first Ritz-Carlton branded private residences outside of North America; Hamilton Scotts, Singapore, an iconic residential tower with sky-garages (an exclusive car porch in the living room); the multi-award winning Montigo Resorts hospitality brand conceptualised by Ong Chih Ching with two resorts in Indonesia under its portfolio – one in Nongsa, Batam and the other in Seminyak, Bali; and the upcoming Wintastar, Shanghai. Wintastar, Shanghai is the highly-anticipated integrated sports-entertainment-tourism resort that will house the world's largest indoor Ski & Snow Park.

Named amongst Forbes Asia magazine's 50 Power Business Women in Asia in 2014 and 2015, Ong Chih Ching was also named Outstanding Entrepreneur at the Asia Pacific Entrepreneurship Awards 2014 by Enterprise Asia. Recognised as a forerunner and thought leader on the topics of real estate, women leadership and innovation, Ong Chih Ching has been invited to speak at several prestigious forums and seminars including Women's Forum Asia 2019, The Economist – Longevity Summit in September 2018 and the Innovation Summit in 2015, the Real Estate Investment World 2015 conference and was featured in the broadcast of CNBC's Managing Asia: Asia Builders in October 2014. Ong Chih Ching also sat on the jury panel of the highly-coveted Channel News Asia Luminary Awards where she also spoke about gender diversity and leadership at its forum in March 2015 titled Leadership for Innovation and Growth: Women on Board.

Ong Chih Ching was a founding partner of Singapore law firm Koh Ong & Partners where she started Koh Ong and Partners Management Services Pte. Ltd. She was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1994. Ong Chih Ching is also a qualified Barrister at Law and a member of The Honourable Society of Gray's Inn, London, The United Kingdom. In 2019, Ong Chih Ching was appointed as a Council Member for Singapore- Zhejiang Economic and Trade Council (SZETC).

MS LENY SUPARMAN

Group Chief Executive Officer and Executive Director

Leny Suparman is the Group Chief Executive Officer and Executive Director of KOP Limited. She oversees the implementation of the Company's development and growth plans. Leny Suparman was also co-founder of KOP Properties Pte. Ltd. and KOP Group Pte. Ltd. where she was instrumental in shaping KOP Limited into a purveyor of luxury lifestyle, real estate and hospitality.

Under her leadership, KOP developed iconic projects such as The Ritz-Carlton Residences, Singapore, Cairnhill, the first Ritz-Carlton branded private residences outside of North America; Hamilton Scotts, Singapore, an iconic residential tower with sky-garages; the multi-award winning Montigo Resorts in Nongsa and Seminyak as well as the upcoming Wintastar, Shanghai, the highly-anticipated integrated sports-entertainment-tourism resort that will house the world's largest indoor Ski & Snow Park, exemplifying KOP's enterprising creativity in conceptualising and building projects that are different and bold.

Before the founding of KOP Group Pte. Ltd., Leny Suparman was with real estate consultancy firm, CB Richards Ellis, for a period of nine years where she headed the retail department and worked with well-known retail brands in redevelopment projects in Singapore and Shanghai, the People's Republic of China.

She obtained a Bachelor of Science in Business from the Indiana University Bloomington, Indiana, United States of America in 1995.

BOARD OF DIRECTORS

MS JUDITH GOI LANG PENG

Non-Executive Director

Judith Goi Lang Peng is the Non-Executive Director of the Company.

Judith Goi Lang Peng has more than 30 years of experience in various managerial positions in education, banking and fast-moving consumer goods (FMCG) industries.

She has obtained a Masters in Early Learning Intervention from the University of Melbourne, Australia, a Post-Graduate Diploma in Education from the National Institute of Education, Nanyang Technological University, Singapore and a Bachelor of Science in Business Administration, Management from the California State University, Long Beach, USA.

MR LEE KIAM HWEE

Lead Independent Director

Lee Kiam Hwee is the Lead Independent Director and Audit and Risk Committee Chairman of the Company. He currently serves as an Independent Director and Audit Committee Chairman of Marco Polo Marine Ltd. (company listed on the Main Board of the SGX-ST). From 2007 to 2016, he held appointments as independent director for several years in three other companies listed on the Main Board of the SGX-ST.

Lee Kiam Hwee has about 29 years of experience in finance, accounting and auditing. He began his professional career in Coopers & Lybrand and was promoted to Senior Audit Manager in 1988.

He was Group Financial Controller of IMC Holdings Ltd. from 1994 to 2003 and served as Chief Financial Officer of Pan United Corporation Ltd. from 2003 to March 2007.

Lee Kiam Hwee is a fellow member of the Association of Chartered Certified Accountants, UK, and a fellow member of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors.

DR HO KAH LEONG @ HO KAH LEUNG

Independent Director

Dr Ho Kah Leong is an Independent Director of the Company. He was a Special Adviser to the Board and his role included providing guidance in respect of the business and corporate governance matters.

Dr Ho Kah Leong is currently a director of Fuxing China Group Limited and Pioneers & Leaders (M) Sdn Bhd. He was the former Senior Parliamentary Secretary to the Minister for the Environment. Upon his retirement from politics in 1997, he was also appointed as the Principal of the Nanyang Academy of Fine Arts for over six years. He was instrumental in building the Academy campus and established links with world renowned art institutions for the Academy.

He holds a Bachelor of Science degree from Nanyang University and was conferred a PhD in Arts by Wisconsin International University, United States of America, in 2001.

BOARD OF DIRECTORS

MRS YU-FOO YEE SHOON Independent Director

Yu-Foo Yee Shoon is an Independent Director of the Company.

Yu-Foo Yee Shoon was the Deputy Secretary-General of NTUC, the first woman Mayor in Singapore before she became Minister of State for Ministry of Community Development, Youth and Sports.

She retired after 27 years in politics.

Her present directorships include ARA Trust Management (Suntec) Limited, KOP Limited, Singapura Finance Ltd. and ED+ Pte. Ltd.. She is Senior Advisor to Elomart Pte. Ltd. and Advisor to Nuri Holdings (S) Pte. Ltd. and Dimensions International College Pte. Ltd..

Yu-Foo Yee Shoon chairs the Publicity and Outreach Committee for the Lee Kuan Yew Fund for Bilingualism. She is a Justice of the Peace and Chairman of Traditional Chinese Medicine Practitioners Board, and Advisor to Hardware Network, Executive Council Member of Hainan University and Singapore China Friendship Association - Women's Alliance.

She graduated from Nanyang University with a Bachelor of Commerce and from Nanyang Technological University with a Masters Degree in Business and was awarded the Honorary Doctorate of Education by Wheelock College of Boston, the United States in 2008.

MR NG HIN LEE Independent Director

Ng Hin Lee is an Independent Director of the Company and an Independent Director and Chairman of Audit Committee at FJ Benjamin Holdings Ltd.. He is on the Board of Directors at KOP Limited, FJ Benjamin Holdings Ltd., Durian Master Pte. Ltd., Jiaxing Shi Cheng Hotel Management Co., Ltd., Leading Dragon Corporation Ltd., Tianjin Junhe Industrial Co., Ltd., Qingdao Timi Supply Chain Co., Ltd. and Ding Yi Music Company Ltd..

Ng Hin Lee has more than 30 years of experience in key financial and managerial positions, having served as Executive Director at Valen Technologies (S) Pte. Ltd. and Gul Technologies Singapore Ltd.. He was also employed as Group Chief Financial Officer at Singapore Post Ltd., Chief Financial Officer at Denselight Semiconductors Pte. Ltd., Chief Financial Officer at Advanced Systems Automation Ltd., Financial Controller at Data General Hong Kong Ltd. in Singapore, Credit Admin Manager at Banque Paribas in Singapore and Audit Manager at KPMG Singapore.

Ng Hin Lee is a Fellow Member of the Institute of Singapore Chartered Accountants and was bestowed the honour of Singapore Corporate Award – Best CFO of the Year 2011 and Suzhou Industrial Park Pioneer Award in 2017. He obtained his Bachelor of Accountancy degree from the University of Singapore in 1980.

THE MANAGEMENT

MS JOEY ONG Chief Operating Officer - KOP Limited

Joey Ong is the Chief Operating Officer (“**COO**”) of KOP Limited, holding responsibility for the overall corporate and business operations of the Group. Joey Ong joined KOP Group Pte. Ltd. (“**KOPG**”) in 2007 as Senior Manager, Business Development. She was later appointed as Deputy Director, Internal Audit & Compliance in 2008 and tasked with the internal audit of the companies within KOPG as well as overseeing compliance matters such as bank compliance and reporting to third party investors.

Joey Ong was promoted to COO of KOP Properties Pte. Ltd. in August 2010 and re-designated to COO of KOP Limited in April 2020. Joey Ong started her career in Additive Circuits Pte. Ltd. in 1987 where she worked as a Materials Engineer and was responsible for research and development on the electroplating of circuits on plastic boards and was involved in the trouble-shooting and process control of daily production.

In 1991, she joined Philips Singapore as a Procurement Officer in its purchasing department, with responsibility for local and overseas supplier selection, qualification, appraisal and budgeting for the department, amongst other duties. From 1994 to 1998, Joey Ong was a Director of Clinch International Pte. Ltd., a company providing software solutions for legal practices in Singapore and Malaysia. In 1998, she was appointed a Director of Fresh Lush Handmade Cosmetics Pte. Ltd., the manufacturer and retailer of handmade body products and cosmetics. In 1996, she joined Koh Ong & Partners, a Singapore law firm in which the principal partners were Ong Chih Ching and Koh Geok Jen, as an Office Manager, in charge of the finance, office administration and human resources functions of the firm. Joey Ong then joined Koh Ong & Partners Management Services Pte. Ltd. in 1999 as Office Manager. Joey Ong continued in her role until 2007 when she joined KOPG. Joey Ong obtained a graduateship from The Plastics & Rubber Institution in the UK in 1987.

MR JOE TAN Chief Financial Officer - KOP Limited

Joe Tan is the Group’s Chief Financial Officer and is responsible for the entire spectrum of its financial activities. He joined the Group in November 2014 as Group Finance Manager and was promoted to Chief Financial Officer in April 2020. Prior to joining KOP Limited, Joe Tan was the Group Finance Manager of GKE Corporation Limited, a company listed on the Catalist Board of the SGX-ST.

He also held various audit related positions in Ernst & Young LLP, Baker Tilly TFW LLP and Mazars, Praxity. Joe Tan graduated with a Bachelor of Commerce Double Major in Professional Accounting and Finance from Murdoch University, Australia. He is a non-practicing member of the Institute of Singapore Chartered Accountants and member of CPA Australia.

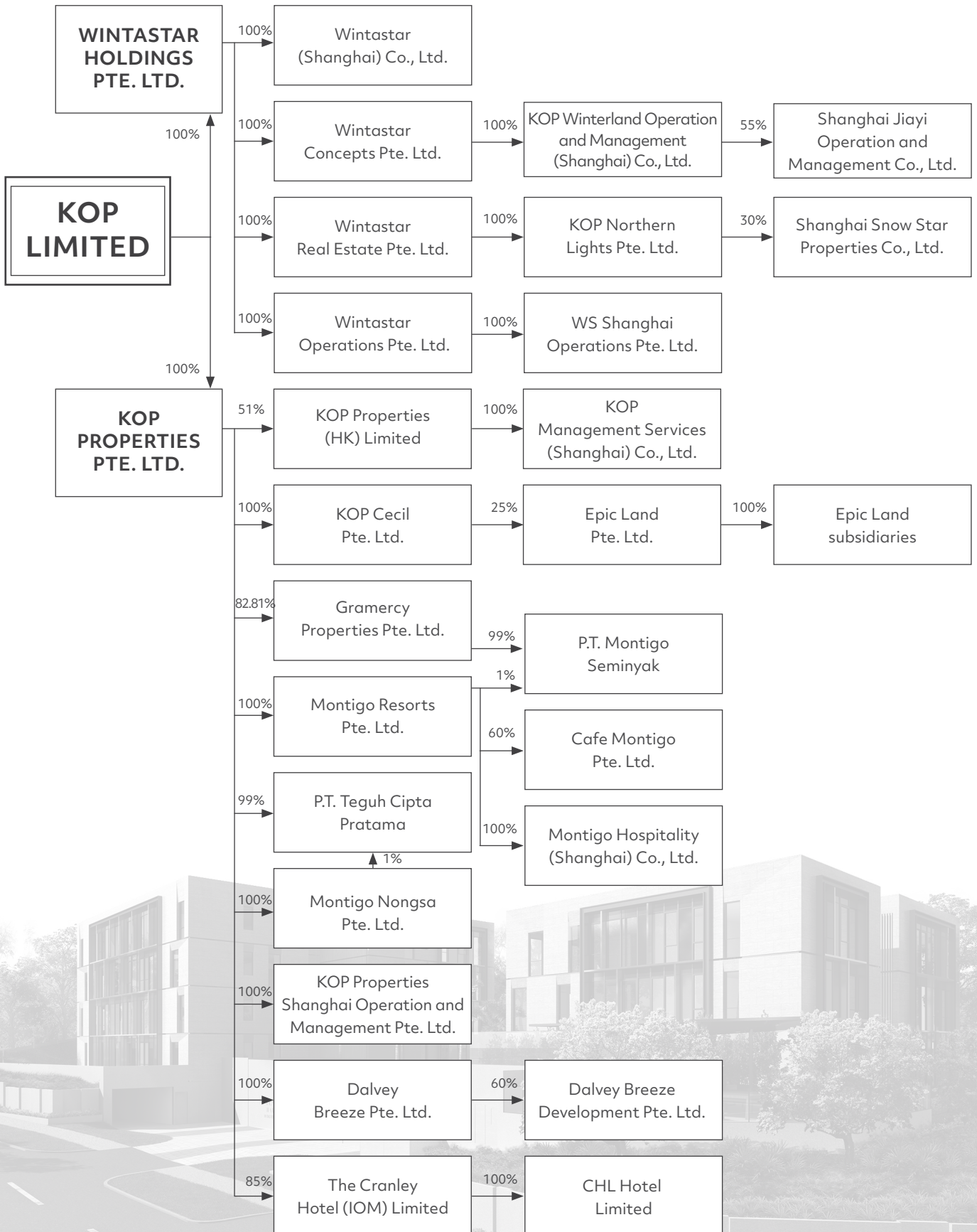
MS LIANE ONG Chief Executive Officer - Wintastar Holdings Pte. Ltd.

Liane Ong was appointed as Managing Director of Wintastar Holdings Pte. Ltd. (“**Wintastar Holdings**”) in June 2017 and was promoted to Chief Executive Officer of Wintastar Holdings in April 2020. As a subsidiary under KOP Limited, Wintastar Holdings will drive the growth of its world-class, integrated resorts in Asia. Wintastar Shanghai, its first project is targeted to open by 2022. Liane Ong brings with her over 20 years of wide-ranging experience in strategic planning, China market development, industry development, business development, government liaison, media and marketing communications.

Her last position was with the International Enterprise (“**IE**”) Singapore (now Enterprise Singapore) as its Singapore-based Group Director for China Group. She was based in Shanghai from 2009-2015 as Regional Director overseeing the east region covering Shanghai municipality and Jiangsu, Zhejiang and Anhui provinces. Liane was concurrently Consul (Commercial) for the Consulate-General of the Republic of Singapore in Shanghai and Advisor to the Singapore-Shanghai Business Association.

Prior to joining IE Singapore (now Enterprise Singapore), Liane held various positions with the National Registration Department, Singapore Immigration & Registration and the Ministry of Home Affairs.

CORPORATE STRUCTURE



BUSINESS REVIEW

For financial year ended 31 March 2021 (“FY2021”), the Group’s revenue decreased by 59% from S\$20.4 million in financial year ended 31 March 2020 (“FY2020”) to S\$8.3 million in FY2021. The decrease in revenue resulted from the decrease in revenue from the Real Estate Origination and Management segment and Hospitality segment, offset by the revenue recognised from the Real Estate Development and Investment segment. As a result, the Group registered a 85% decrease in gross profit to S\$1.9 million in FY2021 from S\$12.4 million in FY2020.

Coupled with the decrease in gross profit; a 12% increase in other operating income resulting from government grants received during the year; a 37% decrease in administrative and general expenses due to minimum operations resulted from temporary closure of both Montigo Resorts as well as the implementation of various cost control measures; a 25% increase in finance costs due to the additional shareholder’s loan obtained during the year and additional bank loan drawdown for Dalvey Haus Project during the year, the Group reported a loss after tax of S\$10.6 million in FY2021 as compared to S\$2.7 million in FY2020.

HOSPITALITY

The Hospitality segment, consisting of two operating assets in Indonesia – Montigo Resorts, Nongsa in Batam and Montigo Resorts, Seminyak in Bali (“Resorts”) contributed S\$1.5 million of segment revenue, or 18% of Group’s revenue.

In its efforts to remain agile, the two luxury resorts under the Montigo brand constantly evolve to meet consumer needs and preferences. Montigo Resorts, Nongsa, with 1 to 5 bedrooms villas and residences aim to cater for families, couples, business travelers as well as singles looking for an intimate 5-star accommodation with exceptional service and amenities against the stunning backdrop of the South China Sea. Guests are also pampered with abundant leisure offerings with activities such as archery, adrenaline-pumping ATV rides and exhilarating paintball matches.

At Montigo Resorts, Seminyak, with 128 rooms, luxurious spas, a 24-hour restaurant for a plethora of dining options and the biggest kids club in Seminyak, this lifestyle resort is the preferred choice for visitors seeking rest and respite in Bali, Indonesia.

With the rapid spread of COVID-19 globally and the implementation of tighter travel restrictions by the various countries, travel and tourism industries continue to be severely and adversely impacted. Consequently, our Resorts have experienced a decrease in demand, resulting in a decrease in revenue and performance in FY2021. A series of cost control measures have been implemented, including closure of facilities and all F&B outlets in the Resorts since March 2020, temporary closure of both Resorts from the month of June 2020, requiring employees to take unpaid leave and/or annual leave, reducing the minimum consumption of energy and temporary suspension of services that are not required during this period. On the other hand, we are also taking this opportunity to deploy our own resources to renovate and refurbish our resort in Nongsa,

Batam and gearing up for the re-opening of the resorts once the travel restrictions are lifted. We have also implemented a series of sales and marketing campaigns in order to generate sales during this period.

The Group has also put in place stringent health and precautionary measures to ensure the well-being of our employees and guests on our properties.

KOPL will continue to fine-tune and raise the bar of excellence for its self-managed hospitality brand, exploring opportunities to provide hospitality management services and possible expansion into new geographical markets.

REAL ESTATE ORIGINATION AND MANAGEMENT SERVICES

In FY2021, Real Estate Origination and Management Services segment contributed S\$1.3 million, or 16% of Group’s revenue. The decrease in revenue is mainly attributed to the absence of one-time consultancy income recognised in FY2020.

Maintaining a long-term view on the business, the Group hopes to build a strong track record of development and management capabilities and potentially provide such services to third-party customers.

REAL ESTATE DEVELOPMENT AND INVESTMENT

The remaining Group’s revenue was contributed by Real Estate Development and Investment segment, amounting to S\$5.5 million, or 66% of Group’s revenue. This was mainly derived from the revenue recognised based on stage of completion for Dalvey Haus Project in FY2021.

The construction of the high-end condominium, Dalvey Haus, has commenced work on site in mid-August 2020 following approval from the Building and Construction Authority. 3 units have been sold as of the date of this report and it is expected to obtain the Temporary Occupation Permit by end 2022.

The Wintastar, Shanghai, the highly anticipated sport-entertainment-tourism resort that will house the world’s largest indoor Ski & Snow Park is on track to be completed by 2022.

The Real Estate Development and Investment segment will continue to focus on channeling resources to these two large-scale projects in Shanghai and Singapore in FY2022.

SPORT-ENTERTAINMENT

The Group aims to offer unique entertainment experiences that stand apart from the usual offerings. The entertainment element in Wintastar is still in its infant stages, which the Group hopes to develop to elevate the value propositions of the integrated lifestyle development.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Chih Ching

Executive Chairman and Executive Director

Leny Suparman

Group Chief Executive Officer and Executive Director

Judith Goi Lang Peng

Non-Executive Director

Lee Kiam Hwee

Lead Independent Director

Dr Ho Kah Leong @ Ho Kah Leung

Independent Director

Yu-Foo Yee Shoon

Independent Director

Ng Hin Lee

Independent Director

AUDIT AND RISK COMMITTEE

Lee Kiam Hwee (**Chairman**)

Dr Ho Kah Leong @ Ho Kah Leung

Yu-Foo Yee Shoon

Ng Hin Lee

REMUNERATION COMMITTEE

Dr Ho Kah Leong @ Ho Kah Leung (**Chairman**)

Lee Kiam Hwee

Yu-Foo Yee Shoon

Ng Hin Lee

NOMINATING COMMITTEE

Yu-Foo Yee Shoon (**Chairman**)

Lee Kiam Hwee

Dr Ho Kah Leong @ Ho Kah Leung

Ng Hin Lee

COMPANY SECRETARY

Shirley Tan Sey Liy (**ACS, ACG**)

SPONSOR

RHT Capital Pte. Ltd.

6 Raffles Quay #24-02

Singapore 048580

REGISTERED OFFICE

316 Tanglin Road #01-01

Singapore 247978

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

In.Corp Corporate Services Pte. Ltd.

(formerly known as RHT Corporate Advisory Pte. Ltd.)

30 Cecil Street

#19-08 Prudential Tower

Singapore 049712

AUDITORS

UHY Lee Seng Chan & Co

Chartered Accountants

6001 Beach Road #14-01

Golden Mile Tower

Singapore 199589

PARTNER-IN-CHARGE

Lee Sen Choon

(a member of the Institute of

Singapore Chartered Accountants)

(First appointed in respect of the

financial year ended 31 March 2021)

BANKERS

PT Bank CIMB Niaga Tbk

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

Hong Leong Finance Limited

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (“**Board**”) and management (“**Management**”) of KOP Limited (“**Company**”) and together with its subsidiaries, collectively “**Group**”) is committed to maintain a high standard of corporate governance within the Group.

This report sets out the Group’s corporate governance practices (“**Report**”) with specific reference made to the principles and provisions of the Singapore Code of Corporate Governance 2018 (“**Code**”) and the accompanying practice guidance that was issued in August 2018, which formed part of the continuing obligations of the Listing Manual – Section B: Rules of the Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Group subscribes fully to the principles and guidelines and recommendations in the Code and the Catalist Rules, where they are applicable. The Group has complied with the Code’s principles and guidelines throughout the reporting period for the financial year ended 31 March 2021 (“**FY2021**”), except where otherwise stated.

For ease of reference, the relevant provision of the Code under discussion is identified in bold and the disclosures provided in this report is meant to be read as a whole.

1. BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group.

The Board’s role is to:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- constructively review Management’s challenge and performance;
- identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Every Director is expected, in the course of carrying out his duties, to exercise due diligence and independent judgment in dealing with the business affairs of the Group and is obliged to act in good faith, and make objective decisions while considering at all times the interests of the Company. The Board holds the Management accountable for performance. Directors facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict.

All other matters are delegated to the various committees (“**Board Committees**”) whose actions will be monitored by the Board. These committees include the Audit and Risk Committee (“**ARC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”), and each of the ARC, NC and RC operates within clearly defined terms of reference and functional procedures. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance to the Code and the Catalist Rules.

REPORT OF CORPORATE GOVERNANCE

The Board conducts regular scheduled meetings to review the Group's key activities, business strategies, funding decisions, financial performance and to approve the release of the results of the Group. Where circumstances require, ad-hoc meetings are arranged. Attendance of the Directors via telephone conference is allowed under Regulation 120(2) of the Company's Constitution. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. Matters which are reserved for the Board's decision or approval include the following:

- investments/divestments and funding decisions of the Group;
- issuance of shares or declaration of dividends;
- material acquisitions and disposals of assets;
- convening of general meetings;
- announcements or press releases concerning the Group for release via the SGXNET; and
- all matters of strategic importance.

The number of Board and Board Committees meetings held during FY2021 and the attendance of each Director where relevant are as follows:

| Name of Directors | Board | | ARC | | NC | | RC | | AGM | | EGM | |
|------------------------------------|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|
| | No. of meetings | | No. of meetings | | No. of meetings | | No. of meetings | | No. of meetings | | No. of meetings | |
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Ms. Ong Chih Ching | 4 | 4 | 5 | 5* | 1 | 1* | 1 | 1* | 1 | 1 | 1 | 1 |
| Ms. Leny Suparman | 4 | 4 | 5 | 5* | 1 | 1* | 1 | 1* | 1 | 1 | 1 | 1 |
| Ms. Judith Goi Lang Peng | 4 | 4 | 5 | 5* | 1 | 1* | 1 | 1* | 1 | 1 | 1 | 1 |
| Mr. Lee Kiam Hwee | 4 | 4 | 5 | 5 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mrs. Yu-Foo Yee Shoon | 4 | 4 | 5 | 5 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Dr. Ho Kah Leong @ Ho Kah Leung | 4 | 4 | 5 | 5 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mr. Ng Hin Lee | 4 | 4 | 5 | 4 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Note:

* Attendance by invitation

The Company believes that the attendance record of each Director at the Board and/or Board Committees meetings may not be a true reflection of his/her contribution. Each of the Director's knowledge and experience as well as their potential and actual contribution to the proper guidance of the Group and its business are also important considerations. The criteria for assessment of the Board's performance is set out in Principle 5 of this report.

All Directors are regularly updated on changes to the Company's policies, changes to the Catalist Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as the Board and Board Committees members.

The Company will also provide its Directors with regular updates on the latest business and governance practices that are relevant to the Group. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. Directors will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business.

REPORT OF CORPORATE GOVERNANCE

The Directors are welcome to request further explanations, briefings or informal discussions on any aspects of the Company's operations or business issues from the Management. The Group Chief Executive Officer ("Group CEO") will make the necessary arrangements for such briefings, informal discussions or explanations required by the Directors upon request.

News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are circulated to the Board. The Directors are informed of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditor updates the ARC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Catalyst Rules that affect the Company and/or the Directors in discharging their duties.

Newly appointed Directors will undergo an orientation programme and will be provided with information about the Group's history, mission and values to familiarise them with the business and governance practices of the Company. All Directors are appointed to the Board by way of a formal letter of appointment or service agreement setting out the scope of their duties.

To enable the Board to fulfil its responsibility, the Management strives to provide Board members with adequate and timely information for Board and Board Committees meetings on an on-going basis. The Board and Board Committees papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings and enabled to make informed decisions.

Directors are given separate and independent access to the Management and Company Secretary to address any enquiries. Directors may seek professional advice in furtherance of their duties and the costs will be borne by the Company. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this report, the Independent Directors make up a majority of the Board, which currently comprises two (2) Executive Directors, four (4) Independent Directors and one (1) Non-Executive Director as follows:

| Name of Directors | Board | ARC | NC | RC |
|------------------------------------|---|----------|----------|----------|
| Ms. Ong Chih Ching | Executive Chairman and Executive Director | - | - | - |
| Ms. Leny Suparman | Group CEO and Executive Director | - | - | - |
| Ms. Judith Goi Lang Peng | Non-Executive Director | - | - | - |
| Mr. Lee Kiam Hwee | Lead Independent Director | Chairman | Member | Member |
| Mrs. Yu-Foo Yee Shoon | Independent Director | Member | Chairman | Member |
| Dr. Ho Kah Leong @ Ho Kah Leung | Independent Director | Member | Member | Chairman |
| Mr. Ng Hin Lee | Independent Director | Member | Member | Member |

As the Executive Chairman and Executive Director, Ms. Ong Chih Ching, is part of the Management team and is not considered an Independent Director, more than half of the Board comprises of Independent Directors to ensure that there is a strong independent element on the Board, thereby allowing it to exercise objective judgment on corporate affairs of the Group independently from the Management.

REPORT OF CORPORATE GOVERNANCE

The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review. The Independent Directors have confirmed that they do not have any relationship with the Company and/or its related corporations and/or its substantial shareholders and/or its officers that would interfere, or be reasonably perceived to interfere with their independence pursuant to Provision 2.1 of the Code. As such, the NC has reviewed the independence of each Independent Director and is of the view that the Independent Directors, namely Mr. Lee Kiam Hwee, Mrs. Yu-Foo Yee Shoon, Dr. Ho Kah Leong @ Ho Kah Leong and Mr. Ng Hin Lee are independent.

Pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, which will take effect on 1 January 2022, a director will not be independent if he has served for an aggregate of more than nine (9) years and his continued appointment as an Independent Director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the **"Two-Tier Voting"**). Such resolutions may remain in force for three (3) years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

The NC has conducted a rigorous review on the independence of the Independent Director, Dr. Ho Kah Leong @ Ho Kah Leong and has considered that Dr. Ho Kah Leong @ Ho Kah Leong is independent even though he has served on the Board beyond nine (9) years. The relevant factors that were taken into consideration in determining the independence of Dr. Ho Kah Leong @ Ho Kah Leong are set out in Principle 4 of this report. Having considered the relevant factors, the NC had determined that Dr. Ho Kah Leong @ Ho Kah Leong has demonstrated strong independence in character and judgement over the years in discharging his duties and responsibilities as an Independent Director. His continued presence as an Independent Board Member will ensure best practices being followed and provide effective oversight and compliance to good corporate governance.

Accordingly, the NC had recommended to the Board that he continues to be considered independent, notwithstanding he has served on the Board for more than nine (9) years from the date of his first appointment. Dr. Ho Kah Leong @ Ho Kah Leong, being a NC member, abstained from any discussion and voting on his independence.

Based on the consideration in determining the independence of Dr. Ho Kah Leong @ Ho Kah Leong in Principle 4 of this report, the NC and the Board are of the view that Dr. Ho Kah Leong @ Ho Kah Leong has been and has the ability to continuing exercising independent judgement in the best interests of the Company in discharging his duties as the Independent Director of the Company.

The existing Independent Director who have served more than nine (9) years is Dr. Ho Kah Leong @ Ho Kah Leong who will seek for Two-Tier Voting resolutions for his continued appointment in the forthcoming AGM. Upon passing the Two-Tier Voting resolutions (the **"Ordinary Resolution"**), the continued appointment of Dr. Ho Kah Leong @ Ho Kah Leong as an Independent Director shall continue in force come 1 January 2022 pursuant to Rule 406(3)(d)(iii). Should the Ordinary Resolutions not passed at the forthcoming AGM, Dr. Ho Kah Leong @ Ho Kah Leong will cease to be considered independent and will be re-designated as Non-Executive Director of the Company and the Company shall endeavour to search for suitable candidate and fill in the vacancies of the Independent Director to fulfil the requirements of the Catalist Rules and the Code.

The Board comprises businessmen and includes professionals with financial, accounting and legal backgrounds. Profiles of the Directors are set out in the "Board of Directors" section of this annual report.

The composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective to issues that are brought before the Board. The NC has reviewed the size and composition of the Board and is of the view that the Board consists of persons who, as a group, provide core competencies such as business and management experience, industry knowledge, legal expertise, financial and strategic planning experience and knowledge that are necessary to meet the Company's objectives. In addition, it is of the view that the current Board size of seven (7) Directors is appropriate for effective decision making, taking into account the scope and nature of the operations of the Company. Furthermore, the NC is of the view that no individual or small group of individuals dominates the Board's decision-making processes. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

While the Independent and Non-Executive Directors do not exercise management functions in the Group, they play an important role in ensuring that the strategies proposed by Management are fully discussed and rigorously examined. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

REPORT OF CORPORATE GOVERNANCE

The Company co-ordinates informal meeting sessions for the Independent and Non-Executive Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors and key management personnel.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

It is the Company's practice to keep the roles of the Chairman and Group CEO separate. By doing so, there is a clear division of responsibilities between the Chairman and the Group CEO, which will ensure a balance of power and authority, such that no individual or small group of individuals represents a considerable concentration of power. Keeping the two roles separate will also ensure increased accountability and greater capacity of the Board for decision-making. The Chairman and the Group CEO are not related to each other nor are they immediate family members.

The Group CEO and Executive Director, Ms. Leny Suparman, is responsible for the overall implementation and management of the Group's operations, business strategies and direction and corporate plans and policies.

Ms. Ong Chih Ching, the Executive Chairman and Executive Director, is primarily responsible for the effective workings of the Board. Other responsibilities of the Executive Chairman include:

- scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- setting meeting agendas in consultation with the Board;
- promoting a culture of openness and debate at the Board;
- ensuring that Board members receive complete, adequate and timely information;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of Non-Executive Directors;
- promoting high standards of corporate governance for the Group; and
- formulation of the Group's vision and mission, strategic, direction and expansion plans.

The Company Secretary may be called to assist the Executive Chairman in any of the above. All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

The Board had appointed Mr. Lee Kiam Hwee as the Lead Independent Director to co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the main liaison on Board issues between the Independent Directors and Executive Chairman. He is available to shareholders when they have concerns and for which contact through the normal channels of the Executive Chairman or the Management are inappropriate or inadequate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors, where necessary, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

REPORT OF CORPORATE GOVERNANCE

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC has been established with written terms of reference and currently comprises four (4) Directors, all of whom, including the Chairman, are independent. They are:

| | |
|---------------------------------|------------|
| Mrs. Yu-Foo Yee Shoon | (Chairman) |
| Dr. Ho Kah Leong @ Ho Kah Leung | (Member) |
| Mr. Lee Kiam Hwee | (Member) |
| Mr. Ng Hin Lee | (Member) |

The principal terms of reference of the NC are as follows:

- the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the Group CEO and key management personnel;
- the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- the review of training and professional development programmes for the Board and its Directors;
- the appointment and re-appointment of Directors (including alternate Directors, if any);
- decide whether a Director is able to and has been adequately carrying out his/her duties as Director of the Company (in a case where the Director has multiple board representations);
- ensure that Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years; and
- determine on an annual basis, whether a Director is independent bearing in mind the salient factors set out in the Code.

The NC is responsible for the re-nomination of the Directors. In accordance with Rule 720(4) of the Catalist Rules, all Directors, including Executive Directors and Non-Executive Director, need to submit themselves for re-nomination and re-appointment at least once every three (3) years.

Regulation 112 of the Company's Constitution requires one-third of the Directors to retire from office at least once in every three (3) years at the Company's Annual General Meeting ("**AGM**") and Regulation 117 of the Company's Constitution provides that each term of appointment of the Managing Director (or a person holding an equivalent position) shall not exceed five (5) years. Retiring Directors are eligible to offer themselves for re-election pursuant to Regulation 114.

The NC may recommend the appointment of any other qualified person as a Director to fill a vacancy or as an addition to the Board. Regulation 122(2) of the Company's Constitution provides that such Director so appointed shall hold office until the next AGM and shall be eligible for re-election.

In making recommendation for the purpose of re-nomination of these Directors, the NC has taken into consideration their overall contribution and performance. Each of the NC members had abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their individual performance or re-election/re-appointment as Directors of the Company.

The NC has recommended to the Board, the re-election of Mr. Lee Kiam Hwee and Mr. Ng Hin Lee at the forthcoming AGM. The Board had accepted the NC's recommendation.

REPORT OF CORPORATE GOVERNANCE

Mr. Lee Kiam Hwee has expressed to the NC and the Board that he will not be seeking re-election at the forthcoming AGM. Accordingly, Mr. Lee Kiam Hwee will cease to be a Director of the Company at the conclusion of the forthcoming AGM. Upon his retirement, Mr. Lee Kiam Hwee will also cease as the Chairman of the ARC, member of the NC and RC. The NC and the Board noted his retirement and thanks him for his past contribution as the Lead Independent Director to the Company.

Mr. Ng Hin Lee, being a member of the NC, who is retiring at the AGM abstained from voting on the resolution in respect of his re-nomination and re-appointment as a Director. Mr. Ng Hin Lee will, upon re-election as a Director of the Company, remain as member of the NC and RC. Mr. Ng Hin Lee will be re-designated as Lead Independent Director and will be appointed as the Chairman of the ARC in place of Mr. Lee Kiam Hwee retirement.

Please refer to the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalyst Rules" of this report as well as the "Board of Directors" section of this annual report for more information on the retiring Directors.

Particulars of the Directors such as their present and past five (5) years' directorships in other listed companies are set out below:

| Name | Age | Appointment | Date of initial appointment | Date of last re-election/ re-appointment | Present Directorships in other listed companies | Past Directorships in other listed companies in the last five (5) preceding years |
|---------------------------------|-----|---|-----------------------------|---|---|---|
| Ms. Ong Chih Ching | 52 | Executive Chairman and Executive Director | 6 May 2014 | 28 October 2020 | None | None |
| Ms. Leny Suparman | 47 | Group CEO and Executive Director | 6 May 2014 | 30 August 2019 | None | None |
| Ms. Judith Goi Lang Peng | 51 | Non-Executive Director | 16 September 2019 | 28 October 2020 | None | None |
| Mr. Lee Kiam Hwee | 66 | Lead Independent Director | 6 May 2014 | 24 August 2018 | Marco Polo Marine Ltd. | HTL International Holdings Limited |
| Mrs. Yu-Foo Yee Shoon | 71 | Independent Director | 6 May 2014 | 28 October 2020 | Singapura Finance Ltd. ARA Trust Management (Suntec) Limited | None |
| Dr. Ho Kah Leong @ Ho Kah Leung | 84 | Independent Director | 28 August 2012 | 30 August 2019 | Fuxing China Group Limited | Vicom Ltd. |
| Mr. Ng Hin Lee | 65 | Independent Director | 15 January 2018 | 24 August 2018 | FJ Benjamin Holdings Ltd. | None |

For the financial year under review, the NC has received the confirmation of independence from the Independent Directors, that they do not have any relationship as provided under the Provision 4.4 of the Code.

The NC is satisfied that Directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group. Their multiple board representations do not hinder their abilities to carry out their duties as Directors of the Company. Accordingly, the NC has decided not to fix a maximum number of listed company board representations which any Director may hold. The NC would continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

REPORT OF CORPORATE GOVERNANCE

There is no alternate director being appointed to the Board. In its search, nomination and selection process for new directors, the NC:

- identifies the competencies required to enable the Board to fulfil its responsibilities;
- seeks external assistance, if the need arises, by approaching relevant institutions such as the Singapore Institute of Directors, search companies or via public advertisements to search for suitable candidates. The search for suitable candidates could also be drawn from the contacts and network of the existing Directors and the Management;
- conducts formal interview of short-listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required of them; and
- makes recommendations to the Board for approval.

In considering whether an Independent Director who has served on the Board beyond nine (9) years is still independent, the Board has taken into consideration the following factors:

- the amount of experience and wealth of knowledge that the Independent Director brings to the Company;
- the attendance, active participation and ability to express his views independently at all times and present constructive challenges on issues, in the proceedings and decision-making process of the Board and Board Committee meetings;
- provision of continuity and stability to the Management at the Board level as the Independent Director has developed deep insight into the business of the Company;
- the qualifications of the Independent Director and his expertise, to provide reasonable checks and balances for the Management;
- the Independent Director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. He is adequately prepared, responsive and heavily involved in the discussions at meetings; and
- the Independent Director provides overall guidance to Management and acts as a safeguard for the protection of Company's assets and shareholders' interests.

In this regard, the NC has conducted a rigorous review of the suitability of Dr. Ho Kah Leong @ Ho Kah Leung being the Independent Director who has served on the Board beyond nine (9) years and has determined that Dr. Ho Kah Leong @ Ho Kah Leung remains independent. Dr. Ho Kah Leong @ Ho Kah Leung had abstained from voting on any resolution in respect of his own appointment. In addition, the NC is of the view that Mrs. Yu-Foo Yee Shoon and Mr. Ng Hin Lee are independent (as defined in the Code) and are able to exercise judgement on the corporate affairs of the Group and independence of the Management.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board's performance is reflected in the overall performance of the Group. Based on the recommendation of the NC, the Board has established processes and objective performance criteria for assessing the effectiveness of the Board as a whole, its Board Committees and for assessing the contribution of each individual Director.

The objective performance criteria will address how the Board has enhanced long-term shareholders' value. The selected performance criteria shall not be changed from year to year unless they are deemed necessary and the Board is able to justify the changes.

REPORT OF CORPORATE GOVERNANCE

The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to encourage exchange of feedback on the Board's strengths and shortcomings with a view to strengthen the effectiveness of the Board as a whole. The criteria for assessment includes attendance record, intensity of participation at meetings, the quality of intervention and the value of contribution to the development of strategy, industry and business knowledge and the experience each Director possesses which are crucial to the Group's business.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities, conduct of its affairs as a whole, effectiveness of the Board Committees and contribution by each individual Director for FY2021, is of the view that the performance of the Board as a whole, Board Committees and individual Director has been satisfactory. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. No external facilitator was used in the evaluation process.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as Director.

2. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC has been established with written terms of reference and currently comprises four (4) Directors, all of whom, including the Chairman, are independent. They are:

| | |
|---------------------------------|------------|
| Dr. Ho Kah Leong @ Ho Kah Leung | (Chairman) |
| Mrs. Yu-Foo Yee Shoon | (Member) |
| Mr. Lee Kiam Hwee | (Member) |
| Mr. Ng Hin Lee | (Member) |

The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies.

It is a practice that the RC recommends to the Board a framework of remuneration for the Board and the key management personnel as well as specific remuneration packages for the Group CEO and Executive Directors.

The recommendations will be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to Directors' and key management personnel's fees, salaries, allowances, bonuses and benefits in kind will be covered by the RC.

Each member of the RC abstains from voting on any resolution, participating in any deliberation of the RC and making any recommendation in respect of his/her remuneration. No Director will be involved in determining his/her own remuneration.

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expenses of such services shall be borne by the Company. There were no remuneration consultants engaged by the Company in FY2021.

In reviewing the service agreements of the Executive Directors and employment contracts of the key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

REPORT OF CORPORATE GOVERNANCE

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

As a matter of the Company's practice, the remuneration packages for Executive Directors take into account the performance of the Group and the individual Executive Director. The Independent Directors and Non-Executive Director receive remuneration in the form of Directors' fees in accordance with their level of contribution, taking into account factors such as effort and time spent, as well as the responsibilities of the Independent Directors and Non-Executive Director. The Directors' fees are subject to shareholders' approval at the forthcoming AGM. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive and thereby maximise shareholders' value.

The Company has entered into a service agreement with Ms. Ong Chih Ching and Ms. Leny Suparman. The service agreement for Ms. Ong Chih Ching and Ms. Leny Suparman that commenced on 6 May 2014, have been renewed for another three (3) years on 6 May 2017 and subsequently on 6 May 2020.

The Company does not have any employee share option scheme or share scheme.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Executive Directors do not receive Directors' fees and are remunerated as members of the Management. Their remuneration package comprises a basic salary component and a variable component which is tied to the performance of the Group as a whole and their individual performance.

The Company is of the view that disclosure of the remuneration details of each Director and key management personnel in the manner recommended by the Code will be detrimental to the Company's interests, given the confidential and commercial sensitivities associated with remuneration matter and the highly competitive human resource environment in which the Group operates. Instead, the level and mix of the annual remuneration of the Directors in remuneration bands of S\$250,000 and the level of remuneration of the Group's top five (5) key management personnel (who are not Directors or the Group CEO) are disclosed below.

REPORT OF CORPORATE GOVERNANCE

A breakdown showing the level and mix of each individual Director's remuneration in remuneration bands of S\$250,000 for FY2021 are set out as follows:

| Name of Director | Fees % | Salary# % | Bonus % | Other Benefits@ % | Total % |
|---------------------------------------|-----------|--------------|------------|----------------------|------------|
| S\$500,000 and above | | | | | |
| Ms. Ong Chih Ching | - | 100 | - | - | 100 |
| S\$250,000 to below S\$500,000 | | | | | |
| Ms. Leny Suparman | - | 100 | - | - | 100 |
| Below S\$250,000 | | | | | |
| Ms. Judith Goi Lang Peng | 100* | - | - | - | 100 |
| Mr. Lee Kiam Hwee | 100* | - | - | - | 100 |
| Dr. Ho Kah Leong @ Ho Kah Leung | 100* | - | - | - | 100 |
| Mrs. Yu-Foo Yee Shoon | 100* | - | - | - | 100 |
| Mr. Ng Hin Lee | 100* | - | - | - | 100 |

Notes:

* These fees were approved by the shareholders at the AGM held on 28 October 2020.

Salary is inclusive of fixed allowance and CPF contributions.

@ Other benefits are inclusive of one-time allowance, incentives and dental allowance.

For FY2021, the Group has identified three (3) key management personnel. A breakdown, showing the level and mix of top key management personnel who are not Directors or the Group CEO of the Company for FY2021 is as follows:

| Top 3 key management personnel | Position |
|--------------------------------|---|
| Ms. Joey Ong ⁽¹⁾ | Chief Operating Officer of KOP Limited |
| Ms. Liane Ong ⁽²⁾ | Chief Executive Officer of Wintastar Holdings Pte. Ltd. |
| Mr. Joe Tan | Chief Financial Officer of KOP Limited |

| Remunerations bands | No. of top 3 key management personnel |
|--------------------------------|---------------------------------------|
| S\$250,000 to below S\$500,000 | 1 |
| Below S\$250,000 | 2 |

Notes:

(1) Ms. Joey Ong is the sister of Ms. Ong Chih Ching, Executive Chairman and Executive Director of the Company.

(2) Ms. Liane Ong is the cousin of Ms. Ong Chih Ching, Executive Chairman and Executive Director and Ms. Joey Ong, Chief Operating Officer of the Company.

The aggregate remuneration total amount paid to the Directors and the relevant key management personnel (who are not Directors or the Group CEO) for FY2021 is S\$1,386,000 and S\$673,000 respectively.

For FY2021, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel.

REPORT OF CORPORATE GOVERNANCE

Details of remuneration paid to the immediate family member of Directors or Group CEO for FY2021 are set out below:

| Name of Immediate Family Member | Salary# | Bonus | Other Benefits@ | Total |
|---------------------------------------|---------|-------|-----------------|-------|
| | % | % | % | % |
| S\$200,000 to below S\$250,000 | | | | |
| Ms. Joey Ong | 100 | - | - | 100 |

Notes:

Salary is inclusive of fixed allowance and CPF contributions.

@ Other benefits are inclusive of one-time allowance, incentives and dental allowance.

Save for the above disclosure, the Company does not have any employee who is an immediate family member of a Director or Group CEO whose remuneration in FY2021 exceeded S\$100,000.

3. ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' interests and maintain accountability of its assets but acknowledges that no cost-effective risk management and internal controls system will preclude all errors and irregularities. While no cost effective internal control system can provide absolute assurance against loss or misstatement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate.

The Group has had in place an Enterprise Risk Management ("ERM") Framework, which governs the risk management processes of the Group. Risk management capabilities and competencies are continuously enhanced through this Framework. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks and associated key controls in the Group's businesses. Management quarterly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Company's policies and strategies. The ARC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and *vis-à-vis* the external and internal environments, which the Group operates.

Complementing the ERM framework is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorisations, as well as checks-and-balances built into the business processes. In addition to ensuring that internal controls and risk management processes are adequate and effective, the ARC is assisted by various independent professional service providers. The external auditors provided assurance over the risk of material misstatements in the Group's financial statements. The internal auditors conducted audit reviews based on the approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to Management who timely respond to actions to be taken. The ARC monitors closely and timely to ensure proper implementation of the required corrective action plans are undertaken by the Management.

The internal auditors carried out internal audit on the system of internal controls and reported their findings to the ARC. The external auditors have also carried out, in the course of their statutory audit, an understanding of the key internal controls assessed to be relevant to the audit. In this respect, the ARC has reviewed the findings of both the internal and external auditors and will ensure that the Group follows up on the auditors' recommendations raised during the audit process.

REPORT OF CORPORATE GOVERNANCE

The Board and ARC have received assurance from the Group CEO and Chief Financial Officer (“CFO”) that the Group’s risk management systems and internal control systems in place is adequate and effective in addressing the material risks in the Group including that the Group’s financial records have been properly maintained and the financial statements for FY2021 give a true and fair view of the Group’s business operations and finances.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the Board and the various Board Committees, the Board, with concurrence of the ARC, is of the opinion that the system of internal controls and risk management maintained by the Group is adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group for FY2021.

AUDIT COMMITTEE

Principle 10: The Board has an Audit and Risk Committee which discharges its duties objectively.

The ARC has been established with written terms of reference and currently comprises four (4) Directors, all of whom, including the Chairman, are independent. They are:

| | |
|---------------------------------|------------|
| Mr. Lee Kiam Hwee | (Chairman) |
| Dr. Ho Kah Leong @ Ho Kah Leung | (Member) |
| Mrs. Yu-Foo Yee Shoon | (Member) |
| Mr. Ng Hin Lee | (Member) |

Mr. Lee Kiam Hwee, the Lead Independent Director of the Company, currently chairs the ARC. The ARC met five (5) times in FY2021. It performs the following functions:

- reviews the Group’s quarterly and full year results announcements;
- reviews the assurance from the Group CEO and the CFO on the financial records and financial statements;
- reviews the audit plans and reports of the external auditors and to consider the effectiveness of the actions taken by the Management on the external auditors’ recommendations;
- appraises and reports to the Board on the audits undertaken by the external auditors, the adequacy of disclosure of information;
- reviews the adequacy of the Group’s internal financial, operational and compliance controls, and risk management policies and systems established by the Management annually;
- reviews the assistance and co-operation given by the Management to the external auditors;
- discusses problems and concerns, if any, arising from the interim and final audits;
- nominates external auditors for re-appointment;
- reviews interested person transactions, as defined in the Catalist Rules; and
- reviews the effectiveness of the Company’s internal audit function and considers the appointment and re-appointment of the internal auditors.

The ARC considered the report from the external auditors, including their findings on the key audit matters.

In assessing the key audit matters, the ARC took into consideration the approach, methodology and the key assumptions applied in the review of valuation reports and the assessment on the going concern assumption. The ARC concluded that Management’s accounting treatment and estimates in the key audit matters were appropriate.

REPORT OF CORPORATE GOVERNANCE

The ARC also reviewed the assumptions made in the Group's budget and evaluated the Management financing's plan and satisfied that the Company and the Group have adequate resources to fulfil their obligation and will continue operations as going concern.

The Board is of the view that all members of the ARC have the requisite financial management expertise and experience to discharge its responsibilities.

The ARC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation by the Management. It also has full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The ARC had evaluated the performance of the external auditors as well as the resolution for re-appointment of the external auditors based on the Audit Quality Indicators relating to external auditors, adequacy of the resources, experience and competence of the external auditors, taking into account the experience of the team and partner.

The ARC reviews the independence of the external auditors annually. The ARC has conducted an annual review of all non-audit services, if any, provided by the external auditors to the Group, and are satisfied that the nature and extent of such services would not affect the independence of the external auditors. During FY2021, there were no non-audit fees paid to the external auditors and its members. The audit fees paid to the external auditors amounted to S\$90,000.

The ARC recommends to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors and approving the remuneration of the external auditors. The ARC has recommended to the Board, and the Board has accepted, the re-appointment of UHY Lee Seng Chan & Co as the external auditors of the Company at the forthcoming AGM.

The ARC also meets with the external auditors and internal auditors at least once a year, without the presence of the Management, to review the Management's level of co-operation and other matters that warrants the ARC's attention. The ARC has met with the external auditors and the internal auditors without the presence of the Management during FY2021.

The Company confirms that it has complied with Rule 712 and Rule 715 of the Catalist Rules in relation to the external auditors.

The Company has adopted a whistle-blowing policy which serves to provide employees with well-defined and assessable channels within the Group for reporting possible improprieties in financial reporting or other matters in confidence. There were no reports received by the ARC through the Company's whistle-blowing mechanism during FY2021.

The ARC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function to a qualified public accounting firm ("IA"). Currently, the Company has engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") as its IA to provide internal audit services in accordance with its internal audit plan.

The IA is a member of the Institute of Internal Auditors Singapore ("**IIA**"), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc.. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA. The IA continues to meet or exceed the IIA Standards in all key aspects. Baker Tilly has confirmed their independence to the ARC.

The IA reviews the effectiveness of key internal controls, including financial, operational and compliance controls for selected scope of review annually, as approved by the ARC. Procedures are in place for the IA to report independently on their findings and recommendations to the ARC for review.

REPORT OF CORPORATE GOVERNANCE

The ARC reviews and approves the appointment, removal, termination, evaluation and compensation of its outsourced IA. The IA has unrestricted direct access to the ARC and reports to the ARC. The IA also has unfettered access to all the Company's documents, records, properties and personnel. The IA plans its scope of internal audit work during FY2021 in consultation with the ARC, and submitted its annual audit plan to the ARC for approval.

The ARC has reviewed the effectiveness of the IA and is satisfied that the IA (i) is independent, (ii) has adequate resources to perform its function effectively and (iii) is staffed by suitably qualified and experienced professionals with the relevant experience.

The ARC reviews the independence, adequacy and effectiveness of the internal audit function of the Company annually.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

In line with the continuous obligations of the Company under the Catalist Rules and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNET.

The Company's AGMs are the principal forums for dialogue with shareholders. Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay apprised of the Group's strategies and growth plans. Shareholders are informed of general meetings through the announcement released to the SGXNET and notices contained in the annual report or circulars sent to all shareholders. The notices of the general meetings are also advertised in a national newspaper and announced via the SGXNET. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

All shareholders are entitled to attend the general meetings and are provided the opportunity to pose questions and participate in the general meetings to the Directors or the Management. The shareholders are also informed on the voting procedures at the general meetings. If any shareholder is unable to attend, he/she (who is not a relevant intermediary) is allowed to appoint up to two proxies to vote on his/her behalf at the general meetings through proxy forms sent in advance.

Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each separate and distinct issue at general meetings.

All Directors including chairman of the Board and Board Committees are normally present at the general meetings to answer questions relating to matters that are overseen by these Board Committees. The external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders about the conduct of audit and the preparation and content of the auditors' report. The attendance of the Directors at general meetings held during the financial year is disclosed in the report on page 11.

The Company conducted poll voting for all its general meetings since 2013. To accord the full voting rights of shareholders, the Company will continue to put all resolutions to vote by poll at the forthcoming AGM. For cost effectiveness, the voting for resolutions at the general meeting held during FY2021 is conducted by manual polling. The detailed results of each resolution are announced via SGXNET after the general meetings.

The Company prepares minutes or notes of general meetings, which include substantial comments or queries from shareholders relating to the agendas of the meetings and responses from the Board and the Management. These minutes or notes are available for the inspection of shareholders upon their request. The Company will also publish the minutes of general meetings of shareholders on both the SGX website via SGXNET and the Company's website within one month after the date of the AGM.

REPORT OF CORPORATE GOVERNANCE

The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies. Voting by absentia by mail, facsimile or email is currently not provided in the Company's Constitution as such voting methods would need to be cautiously studied for its feasibility to ensure that the integrity of the information and the authenticity of the shareholder's identity is not compromised.

On 3 January 2016, the legislation was amended, among other things, to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

The Company's Constitution also provides that shareholders who are entitled to attend and vote at the AGM, are entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be deposited at the place specified in the notice of the general meetings not less than seventy-two (72) hours before the time appointed for holding the general meetings.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividends will be paid in respect of FY2021 as the Company has deemed it more appropriate to retain the cash in the Group for its future growth.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company believes in regular and timely communication with shareholders as part of its organisational development to build systems and procedures.

Information is disseminated to shareholders on a timely and non-selective basis through:

- annual reports that are prepared and issued to all shareholders within the mandatory period;
- public announcements via the SGXNET;
- press releases; and
- the Company's website at <http://www.koplimited.com> which the shareholders can access information on the Group.

The Company does not have an investor relations policy in place and does not practise selective disclosure. Price sensitive information is first publicly released through SGXNET, even before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report with notice of AGM by post and published in the newspapers within the mandatory period.

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trusts, Unit Trusts, and Debenture Holders) Order 2020, the Company's AGM for FY2021 will be held by way of electronic means and shareholders will not be allowed to attend the AGM for FY2021 in person. Printed copies of the notice of AGM and annual report for FY2021 will not be sent to members. Instead, the notice of AGM and annual report for FY2021 will be sent to members by electronic means. The notice of AGM for FY2021 will not be advertised in the national newspaper. Please refer to the notice of AGM for FY2021 for further details.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company's website at which the shareholders can access financial information, corporate announcements, press releases, annual reports and profile of the Group.

REPORT OF CORPORATE GOVERNANCE

5. MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company acknowledges the importance of establishing effective communication among its stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals. Ongoing communication with stakeholders is an integral part of the Company's day-to-day operations.

The Company has identified four stakeholders' groups, namely, investors and shareholders, employees, customers and guests and government and regulators, who are able to impact the Group's business and operations. The Company's approach to the engagement with key stakeholders and materiality assessment were disclosed in the Company's Sustainability Report for FY2021, where the Company would continue to monitor and improve to ensure the best interest of the Company.

The Company maintains a corporate website at <http://www.koplimited.com> to communicate and engage with stakeholders. The Company's financial information, corporate announcements, press releases, annual reports and profile of the Group can be accessed through the Company's website.

6. DEALINGS IN SECURITIES

In compliance with Rule 1204(19) of the Catalist Rules, the Company has adopted policies to provide guidance to its Directors and officers on dealings in the Company's securities.

The Company prohibits its Directors and officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Directors and officers are also not allowed to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full-year financial results, and ending on the date of the announcement of the relevant results.

7. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons which sets out the procedures for review and approval of such transactions.

All interested person transactions will be documented and submitted on a quarterly basis to the ARC for their review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

REPORT OF CORPORATE GOVERNANCE

The interested person transactions during FY2021 are as follows:

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---|--|--|
| | S\$'000 | S\$'000 |
| Scotts Spazio Pte. Ltd. Management fee income | 200 | – |
| KOP Group Pte. Ltd. Interest expense | 168 | – |
| Mr. Sam Goi Seng Hui Interest expense | 2,590 | – |
| Ms. Ong Chih Ching Guarantors fee | 140 | – |
| Ms. Leny Suparman Guarantors fee | 140 | – |

8. NON-SPONSOR FEE

In accordance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Company's Sponsor, RHT Capital Pte. Ltd. in FY2021.

9. MATERIAL CONTRACTS AND LOANS

Except as disclosed in the financial statements, the Company confirmed that there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the Executive Director or any Director or controlling shareholder, either still subsisting at the end of FY2021 or if not then subsisting, which were entered into since the end of the previous financial year.

10. SUMMARY OF FY2021 SUSTAINABILITY REPORT

The FY2021 Sustainability Report is the Group's fourth year in publishing its sustainability report publicly, covering the Group's performance, initiatives and impact of its operations in the aspects of Environmental, Social and Governance ("ESG"). All data and activities reported were from 1 April 2020 to 31 March 2021 unless stated otherwise.

In FY2021, we have maintained our focus in the ESG performance of our hospitality business which includes properties in Indonesia – Montigo Resorts in Nongsa and Seminyak.

In addition, we have included our responses to address the challenges posed by the COVID-19 pandemic, including our plans and strategies.

Through this report, the Group would like to share its commitment in managing the impact of key ESG issues with its various stakeholders, which include employees, shareholders, business partners, customers and the community.

REPORT OF CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

| Name of Director | Board Appointment Executive/ Non-Executive | Board Committees as Chairman or Member | Directorships in other listed companies and other major appointments | Past directorships in other listed companies and other major appointments over the preceding five (5) years |
|---------------------------------|--|---|--|---|
| Ms. Ong Chih Ching | Executive Chairman and Executive Director | Board Member | Nil | Nil |
| Ms. Leny Suparman | Group CEO and Executive Director | Board Member | Nil | Nil |
| Ms. Judith Goi Lang Peng | Non-Executive Director | Board Member | Nil | Nil |
| Mr. Lee Kiam Hwee | Lead Independent Director | Board Member, Chairman of Audit and Risk Committee, Member of Nominating Committee and Member of Remuneration Committee | Marco Polo Marine Ltd. | HTL International Holdings Limited |
| Dr. Ho Kah Leong @ Ho Kah Leung | Independent Director | Board Member, Chairman of Remuneration Committee, Member of Nominating Committee and Member of Audit and Risk Committee | Fuxing China Group Limited | Vicom Ltd. |
| Mrs. Yu-Foo Yee Shoon | Independent Director | Board Member, Chairman of Nominating Committee, Member of Audit and Risk Committee and Member of Remuneration Committee | Singapura Finance Ltd. ARA Trust Management (Suntec) Limited | Nil |
| Mr. Ng Hin Lee | Independent Director | Board Member, Member of Audit and Risk Committee, Member of Nominating Committee and Member of Remuneration Committee | FJ Benjamin Holdings Ltd. | Nil |

REPORT OF CORPORATE GOVERNANCE

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information on the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM as set out below:

| Details | Name of Director |
|---|---|
| | Ng Hin Lee |
| Date of Appointment | 15 January 2018 |
| Date of last re-appointment (if applicable) | 24 August 2018 |
| Age | 65 |
| Country of principal residence | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | <p>The re-election of Mr. Ng Hin Lee was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Mr. Ng's qualifications, experience, and overall contribution since he was appointed as a Director of the Company.</p> <p>The Board considers Mr. Ng to be independent for the purpose of Rule 704(7) of the Catalist Rules and recommended to be Lead Independent Director and Chairman of Audit and Risk Committee of the Company.</p> |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Independent Director |
| Professional qualifications | <ul style="list-style-type: none"> • Bachelor of Accountancy degree from the University of Singapore • Fellow Member of the Institute of Singapore Chartered Accountants |
| Working experience and occupation(s) during the past 10 years | <ul style="list-style-type: none"> • Director of Datapost Pte. Ltd. from August 2006 to September 2012 • Director of General Storage Company Pte. Ltd. from January 2013 to August 2013 • Director of Lock+Store (Ayer Rajah) Pte. Ltd. from May 2013 to July 2014 • Director of Lock+Store (Chai Chee) Pte. Ltd. from January 2013 to July 2014 • Director of Lock+Store (Tanjong Pagar) Pte. Ltd. from January 2013 to July 2014 • Director of Postea Asia Pacific Pte. Ltd. from August 2009 to September 2014 • Director of Quantum Solutions International Pte. Ltd. from July 2009 to September 2012 • Director of Singapore Post Enterprise Pte. Ltd. from July 2009 to July 2014 • Group Chief Financial Officer of Singapore Post Limited from January 2006 to July 2014 • Independent Director and Audit Committee Chairman of FJ Benjamin Holdings Ltd. since July 2014 • Director and Co-Founder of Jiaxing Shi Cheng Hotel Management Co., Ltd. since August 2014 • Director of Leading Dragon Corporation Ltd. since August 2014 • Director of Durian Master Pte. Ltd. since February 2017 • Director of Tianjin Junhe Industrial Co., Ltd. since November 2017 • Director of Qingdao Timi Supply Chain Co., Ltd. since April 2019 • Director of Ding Yi Music Company Ltd. since November 2020 |

REPORT OF CORPORATE GOVERNANCE

| Details | Name of Director |
|--|--|
| | Ng Hin Lee |
| Shareholding interest in the listed issuer and its subsidiaries | Nil |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil |
| Conflict of interest (including any competing business) | Nil |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes |
| Other Principal Commitments Including Directorships | <p><u>Past (for the last 5 years)</u></p> <p>Nil</p> <p><u>Present</u></p> <p>Independent Director of:</p> <ul style="list-style-type: none"> • FJ Benjamin Holdings Ltd. <p>Director of:</p> <ul style="list-style-type: none"> • Jiaxing Shi Cheng Hotel Management Co., Ltd. • Leading Dragon Corporation Ltd. • Tianjin Junhe Industrial Co., Ltd. • Durian Master Pte. Ltd. • Qingdao Timi Supply Chain Co., Ltd. • Ding Yi Music Company Ltd. |

REPORT OF CORPORATE GOVERNANCE

| Details | Name of Director |
|---------|------------------|
| | Ng Hin Lee |

The general statutory disclosures of the Directors are as follows:

- | | | |
|----|---|----|
| a. | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No |
| b. | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No |
| c. | Whether there is any unsatisfied judgment against him? | No |
| d. | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No |
| e. | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |

REPORT OF CORPORATE GOVERNANCE

| Details | Name of Director |
|---|------------------|
| | Ng Hin Lee |
| f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
| g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
| i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |
| j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :— | |
| i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No |
| ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No |

REPORT OF CORPORATE GOVERNANCE

| Details | Name of Director |
|--|--|
| | Ng Hin Lee |
| iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No |
| iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No |
| k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |
| Any prior experience as a director of an issuer listed on the Exchange? | Not applicable. This is a re-election of a Director. |
| If yes, please provide details of prior experience. | Not applicable. This is a re-election of a Director. |
| If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | Not applicable. This is a re-election of a Director. |

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of KOP Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2021.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, based on the factors as described in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Ong Chih Ching
Leny Suparman
Judith Goi Lang Peng
Lee Kiam Hwee
Dr Ho Kah Leong @ Ho Kah Leung
Yu-Foo Yee Shoon
Ng Hin Lee

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

| Name of directors | Direct interest | | Deemed interest | |
|---------------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|
| | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| Ordinary shares of the Company | | | | |
| Ong Chih Ching ⁽¹⁾⁽²⁾ | 1,100,000 | 1,569,100 | 494,442,143 | 495,442,143 |
| Leny Suparman ⁽¹⁾⁽³⁾ | 1,300,000 | 1,800,000 | 459,257,142 | 459,257,142 |
| Yu-Foo Yee Shoon | 540,000 | 540,000 | – | – |

(1) By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Ms. Ong Chih Ching and Ms. Leny Suparman are deemed to have an interest in the subsidiaries, associates and joint venture of the Company.

(2) By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Ms. Ong Chih Ching is deemed to have an interest in 495,442,143 (2020: 494,442,143) shares which comprises (i) 428,571,428 (2020: 428,571,428) shares held through KOP Group Pte. Ltd. and (ii) 66,870,715 (2020: 65,870,715) shares held through OCBC Securities Private Limited.

(3) By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Ms. Leny Suparman is deemed to have an interest in 459,257,142 (2020: 459,257,142) shares which comprises (i) 428,571,428 (2020: 428,571,428) shares held through KOP Group Pte. Ltd. and (ii) 30,685,714 (2020: 30,685,714) shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..

There were no change in the directors' interests in the Company between the end of the financial year and 21 April 2021.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of options to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

DIRECTORS' STATEMENT

AUDIT AND RISK COMMITTEE (“ARC”)

As at the date of this statement, the members of the ARC are as follows:

| | |
|-----------------------------|--|
| Lee Kiam Hwee | Chairman and Lead Independent Director |
| Yu-Foo Yee Shoon | Independent Director |
| Ho Kah Leong @ Ho Kah Leung | Independent Director |
| Ng Hin Lee | Independent Director |

All ARC members are Non-Executive Independent Directors.

The ARC has met five (5) times since the last Annual General Meeting and has reviewed the following, where relevant, with the executive directors, external and internal auditors of the Company:

- the audit plans and results of the external auditor’s examination of the financial statements and the internal auditor’s evaluation of the Group’s system of internal accounting controls;
- the Group’s financial and operating results and accounting policies;
- the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor’s report on those financial statements;
- the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- the co-operation and assistance given by the management to the Group’s external auditor; and
- the re-appointment of the external auditors of the Group and their independence.

The ARC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the ARC.

The ARC also undertakes the additional roles and responsibilities of assisting the Board in reviewing the adequacy and effectiveness of the Group’s risk management and internal control system.

AUDITOR

UHY Lee Seng Chan & Co have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Ong Chih Ching
Director

Leny Suparman
Director

13 October 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the financial statements of KOP Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the balance sheets of the Group and the Company as at 31 March 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “**Act**”) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR QUALIFIED OPINION

1. On-going Arbitration

As disclosed in Note 32 to the financial statements, the Board announced on 18 January 2021 that the Company's indirect subsidiary, KOP Northern Lights Pte. Ltd., had received a notice of arbitration dated 4 January 2021 through mail at the subsidiary's Singapore mailing address.

On 19 January 2021, the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) raised certain queries on the on-going arbitration and requested the Company to provide more details such as what does the arbitration relate to, who is the counterparty, what is the quantum of the arbitration, whether legal advice for the arbitration will be obtained and any other information which shareholders and investors would be interested in.

On 20 January 2021, the Company announced in response to the above queries from SGX-ST, and informed that the Company was bound by the non-disclosure clause in the notice of arbitration and hence is unable to disclose any further details of the arbitration. The Company also informed that based on their preliminary assessment then, the quantum involved is expected to have a material impact to the Group. Notwithstanding this, the Company is unable to quantify the full impact. The Company also informed that the arbitration and its outcome will potentially affect the cash flow and working capital. However, it is not expected to materially affect the operations and going concern of the Group. The Company is currently seeking legal advice and will make the necessary announcements when there are further developments on this matter.

On 11 February 2021, in response to SGX-ST earlier queries, the Company announced that the Board has appointed its lawyers for the arbitration. The lawyers have advised that the Group is unable to provide further details of the arbitration because of the non-disclosure clause in the notice of arbitration.

On 5 March 2021, the Board made further announcement to update that the lawyers of the Group has advised that, in accordance with Article 40 of the 《中华人民共和国仲裁法》 and Article 41 of the 《中国（上海）自由贸易试验区仲裁规则》, further disclosure of the status of the arbitration case would cause the Company to be in breach of these laws and regulations. As such, in accordance with Rule 703(2) of the Listing Manual of the SGX-ST Section B: Rules of Catalyst, the Group is unable to disclose more details pertaining to the arbitration.

As part of our audit procedures, we have sent a legal confirmation to the Board's appointed lawyers to inquire on the nature of the arbitration including the probability of success and the expected compensation costs, if any, arising from the arbitration. The lawyers replied that in view of the confidentiality clause signed between the parties involved in the arbitration, the lawyers are not able to disclose or respond to our queries.

Accordingly, we were unable to obtain sufficient appropriate audit evidence to determine the financial impacts that may arise from the arbitration, including any possible material impacts on the Group and Company's cash flows and working capital arising from the arbitration.

Consequently, we were unable to determine whether any adjustments to the financial statements were necessary in view of the above.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

BASIS FOR QUALIFIED OPINION (CONT'D)

2. Investments in Joint Ventures

As disclosed in Note 13, the Group owns 30% equity interest in the joint venture company, Shanghai Snow Star Properties Co., Ltd. ("**Snow Star**") incorporated in the People's Republic of China, with a carrying amount of approximately \$103,167,000 (2020: \$101,073,000) as at 31 March 2021. Snow Star is 30% owned by KOP Northern Lights Pte. Ltd., the Company's indirect subsidiary.

Snow Star has an investment property amounting to \$490,728,000 which was carried at fair value as at 31 March 2020. The valuation was performed by an independent professional valuer in the last financial year. The Group's 30% share of the investment property would be approximately \$147,218,000.

In the current financial year, the management of Snow Star did not respond to the professional valuer's requests for the information to conduct the valuation of the investment property as at 31 March 2021. In addition, the management of Snow Star has also granted limited access to our component auditors to audit Snow Star's accounting records.

Accordingly, we and our component auditors are unable to carry out any of our audit procedures on Snow Star, which was recognised by the Group as an investment in joint venture and accounted for using the equity method as disclosed in Note 13 to the financial statements. There are also no alternative audit procedures that can be performed.

As a result, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the carrying amount of the Group's investments in joint ventures as at 31 March 2021 and the Group's share of the results from investments in joint ventures for the financial year.

Consequently, we were unable to determine whether any adjustments were necessary in view of the above.

3. Events occurring after the reporting period

At the reporting date, the Group's wholly-owned subsidiary, P.T. Teguh Cipta Pratama's ("**PTTCP**") total assets and revenue constituted 9% and 48% of the Group's total assets and revenue in the consolidated financial statements as at 31 March 2021 and for the financial year ended 31 March 2021 respectively.

In April 2021, PTTCP encountered a faulty hard disk incident which resulted in a loss of accounting and reconciliation schedules required for the audit process. While there was no impact to the accounting system/server arising from this incident, management had to reconstruct the accounting and reconciliation schedules for FY2021 audit purposes.

To expedite the audit process, management of PTTCP devoted its entire resources to reconstruct the accounting and reconciliation schedules needed to complete the FY2021 audit.

In view of the above, while FY2021 figures have been finalised and audited, management is currently still working to close its accounts after its financial year end, which is for the period from 1 April 2021. Hence, we were not provided with financial information of PTTCP beyond 31 March 2021, being the latest available.

Consequently, we were unable to complete certain audit procedures for the significant events occurring after the reporting period, which we considered necessary to satisfy ourselves on the significant matters occurring after the reporting period with respect to items recorded or unrecorded in the financial statements as at 31 March 2021.

Notwithstanding this, management informed us that business activities subsequent to the financial year end were not significant due to the imposed travel restrictions and border closures resulted from the COVID-19 pandemic. Accordingly, there should not be any material adjusting subsequent events that would affect the financial statements for the financial year ended 31 March 2021. However, we are unable to verify the above management's assertions.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

BASIS FOR QUALIFIED OPINION (CONT'D)

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The Group incurred a net loss of \$10,634,000 for the financial year ended 31 March 2021. The Group's current assets of \$131,818,000 as at 31 March 2021 comprised mainly development properties which amounted to \$126,718,000. The Company incurred a net loss of \$11,701,000 for the financial year ended 31 March 2021 and is in a net current liabilities position of \$43,841,000 as at 31 March 2021. Included in the Group and Company's current liabilities is an amount of \$37,000,000 [Note 25(a)] and \$4,301,000 [Note 25(b)] due from a shareholder and its ultimate holding company respectively. The performance of the Group's hospitality segment was adversely impacted by the COVID-19 pandemic, and as at the date of this report, there is significant uncertainty as to the timing of the expected recovery and the extent of the impact on the Group's operations.

These factors 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.

As disclosed in Note 2.1, the ability of the Group and the Company to continue as a going concern is dependent and based on the following:

- a) 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.
- b) 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 shares of the Company for up to \$10 million.
- c) Subsequent to the financial year end, the loan from a shareholder of \$37 million [Note 25(a)] has been extended for another 12 months and will be due for repayment on 9 November 2022.
- d) The repayment of the loan from the Company's ultimate holding company of \$4.3 million [Note 25(b)] has been extended until cash flows of the Company improves.

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. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section and in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

| Key Audit Matters | How the matter was addressed in our audit |
|--|--|
| <p>1. Valuation of development properties and recoverable amount of leasehold land and buildings</p> <p>As at 31 March 2021, the Group has development properties held for sale in Singapore and Indonesia amounting to \$126,718,000 (Note 15), which represents 96.1% of the Group's current assets. Development properties are stated at the lower of cost and their net realisable values.</p> <p>The Group also has leasehold land and buildings included in property, plant and equipment (Note 10) with carrying amount of \$38,403,000 as at 31 March 2021.</p> <p>To assess the net realisable value of the development properties and to assess whether there is any impairment of leasehold land and buildings, the Group engaged external professional valuers to determine both the net realisable value of the development properties and the recoverable amount of the leasehold land and buildings.</p> <p>The valuation of these properties is significant to our audit because it involves an estimation of the key assumptions to be applied in the valuation models. The key assumptions applied in the valuation are discount rate, average room rates, occupancy rates, growth rate, selling price per square meter and gross development costs per square meter. These valuation results are based on the relevant market conditions prevailing at the reporting date, which may be subject to significant changes after the reporting period given the lingering economic uncertainties brought on by the COVID-19 pandemic. Accordingly, the external professional valuers have included cautionary statements about the heightened uncertainty over valuations in their valuation reports. Accordingly, we consider this to be a key audit matter.</p> <p>The disclosures in the financial statements are set out in Notes 2.7, 2.16, 10 and 15 to the accompanying financial statements.</p> | <p>Our audit procedures included but were not limited to the following:</p> <p>a) Reviewed the valuation reports and evaluated the independence, objectivity and competency of the independent external professional valuer.</p> <p>b) Assessed reasonableness of the key assumptions used by management and the independent external valuer, which included historical information, recent actual financial performance of the properties, recent transacted prices of comparable properties and industry data (where available).</p> <p>c) Engaged our internal valuation specialist to:</p> <ul style="list-style-type: none"> • evaluate the reasonableness of the key assumptions used by management and the independent external valuer and to understand the valuation methodologies, key assumptions used in the valuation and their scope of work in response to the heightened level of estimation uncertainty; • assessed the appropriateness of the valuation models used by the external professional valuers by considering the valuation methodologies adopted for similar property types. <p>d) Reviewed the adequacy of the disclosure on the development properties and property, plant and equipment in Note 15 and Note 10 to the financial statements.</p> <p>e) We responded to the increased estimation uncertainty over the valuations of the properties by assessing the reasonableness of any adjustments made by external professional valuers, by comparing them against the recent actual financial performance and available industry data, and performed sensitivity analyses where applicable.</p> |

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

KEY AUDIT MATTERS (CONT'D)

| Key Audit Matters | How the matter was addressed in our audit |
|--|--|
| <p>2. Recognition of revenue and cost of sales of development properties</p> <p>The Group enters into contracts with customers to deliver specified residential units to the customers based on the plan and specifications as set out in the contracts.</p> <p>In accordance with SFRS(I) 15 Revenue from Contracts with Customers, the analysis of whether the contracts comprise one or more performance obligations, determining whether the performance obligations are satisfied over time or at a point in time, the method used to measure progress for revenue recognition where performance obligations are satisfied over time and estimated variable consideration included in the transaction price represent areas requiring critical judgement and estimates by the Group.</p> <p>For development properties whereby performance obligations are satisfied over time, the Group measures its work progress by reference to the construction and other costs incurred to date to the estimated total construction. Any changes in these estimates could result in material variance in revenue recognised.</p> <p>For development properties whereby performance obligations are satisfied at a point in time, corresponding cost of sales are determined based on an allocation of a proportion of total expected costs for the entire development, which involved significant estimations and assumptions used by management.</p> <p>We have determined this to be a key audit matter as there is a wide range of possible outcomes resulting from these estimations and assumptions that could lead to different revenue and costs of sales being reported in the financial statements.</p> <p>The disclosures in the financial statements are set out in Notes 2.27(c), 3.2 and 4 to the accompanying financial statements.</p> | <p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> a) Evaluated the Group's processes over revenue recognition for sale of development properties and assessed the basis for the identification of performance obligations. b) Reviewed the Sale and Purchase Agreements that the Group had entered into with buyers to obtain an understanding of the specific terms so as to identify performance obligations. c) Assessed whether the criteria are met for recognising revenue over time or at a point in time. d) Assessed management's basis for computing the progress towards completing the construction of the project. e) Reviewed management's estimation of cost to completion and made inquiry with management whether there are any delay relating to project development. f) Obtained and tested the cost incurred to date and evaluated the basis and support for estimated cost to completion. g) Recomputed the progress towards completing the construction of the project to assess the reasonableness against revenue recognised for the financial year. |

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

OTHER MATTER

The consolidated financial statements of the Group for the financial year ended 31 March 2020 and statement of financial position and statement of changes in equity of the Company as at 31 March 2020, were audited by another firm of auditors who expressed an unmodified opinion on those statements on 12 October 2020.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Lee Sen Choon.

UHY Lee Seng Chan & Co
Public Accountants and
Chartered Accountants

Singapore
13 October 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

| | Note | Group | |
|--|------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 |
| Revenue | 4 | 8,315 | 20,369 |
| Cost of sales | | (6,464) | (7,938) |
| Gross profit | | 1,851 | 12,431 |
| Other operating income | 5 | 1,174 | 1,048 |
| Distribution costs | | (181) | (478) |
| Administrative and general expenses | | (8,418) | (13,357) |
| Share of results from investments in associates | | 113 | 97 |
| Share of results from investments in joint ventures | | (38) | 1,487 |
| Finance costs | 6 | (5,016) | (3,998) |
| Loss before tax | | (10,515) | (2,770) |
| Income tax (expense)/credit | 7 | (119) | 76 |
| Loss after tax | 8 | (10,634) | (2,694) |
| Other comprehensive income for the financial year | | | |
| <i>Item that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange difference on translation of foreign operations | | 5,035 | (6,112) |
| Total comprehensive income for the financial year | | (5,599) | (8,806) |
| Loss attributable to: | | | |
| Owners of the Company | | (9,715) | (1,766) |
| Non-controlling interests | | (919) | (928) |
| | | (10,634) | (2,694) |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | (5,058) | (7,359) |
| Non-controlling interests | | (541) | (1,447) |
| | | (5,599) | (8,806) |
| Loss per share (cents) | | | |
| Basic and diluted | 9 | (0.88) | (0.16) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2021

| | Note | Group | | Company | |
|-------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 10 | 40,775 | 40,416 | 2 | – |
| Investments in subsidiaries | 11 | – | – | 143,743 | 150,871 |
| Investments in associates | 12 | 306 | 943 | – | – |
| Investments in joint ventures | 13 | 103,167 | 101,073 | – | – |
| Deferred tax assets | 14 | 52 | 41 | – | – |
| | | 144,300 | 142,473 | 143,745 | 150,871 |
| Current assets | | | | | |
| Development properties | 15 | 126,718 | 125,948 | – | – |
| Inventories | 16 | 329 | 412 | – | – |
| Trade and other receivables | 17 | 1,719 | 1,960 | 2,003 | 1,632 |
| Other current assets | 18 | 633 | 630 | 29 | 12 |
| Contract costs | 19 | 636 | – | – | – |
| Cash and bank balances | 20 | 1,783 | 3,139 | 89 | 11 |
| | | 131,818 | 132,089 | 2,121 | 1,655 |
| Total assets | | 276,118 | 274,562 | 145,866 | 152,526 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2021

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current liabilities | | | | | |
| Bank borrowings (secured) | 21 | 3,694 | 2,392 | - | - |
| Finance leases | 22 | 35 | 33 | - | - |
| Lease liabilities | 23 | 139 | 428 | - | - |
| Contract liabilities | 4 | 1,996 | 2,986 | - | - |
| Tax payable | | 1,656 | 1,768 | - | - |
| Trade and other payables | 24 | 16,386 | 12,146 | 4,661 | 2,021 |
| Loans from shareholders | 25 | 41,301 | 38,900 | 41,301 | 38,900 |
| | | 65,207 | 58,653 | 45,962 | 40,921 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 14 | 2,583 | 2,408 | - | - |
| Bank borrowings (secured) | 21 | 77,408 | 76,683 | - | - |
| Finance leases | 22 | 78 | 113 | - | - |
| Lease liabilities | 23 | 107 | 78 | - | - |
| Loan from a non-controlling interest | 26 | 11,292 | 10,941 | - | - |
| | | 91,468 | 90,223 | - | - |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 27 | 78,940 | 78,940 | 294,506 | 294,506 |
| Foreign currency translation reserves | 28 | (2,238) | (6,895) | - | - |
| Revaluation reserve | 29 | 37,768 | 37,768 | - | - |
| Other reserves | 30 | 1,681 | 1,681 | - | - |
| Retained earnings/(Accumulated losses) | | 891 | 10,606 | (194,602) | (182,901) |
| | | 117,042 | 122,100 | 99,904 | 111,605 |
| Non-controlling interests | | 2,401 | 3,586 | - | - |
| Total equity | | 119,443 | 125,686 | 99,904 | 111,605 |
| Total liabilities and equity | | 276,118 | 274,562 | 145,866 | 152,526 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

| | Share capital \$'000 | Foreign currency translation reserves \$'000 | Revaluation reserve \$'000 | Other reserves \$'000 | Retained earnings \$'000 | Equity attribu- table to owners of the Company \$'000 | Non- controlling interests \$'000 | Total equity \$'000 |
|--|-------------------------|--|----------------------------------|-----------------------------|--------------------------------|---|--|---------------------------|
| Group | | | | | | | | |
| As at 1 April 2019 | 78,940 | (1,302) | 37,768 | 2,094 | 12,372 | 129,872 | 4,558 | 134,430 |
| Total comprehensive income for the financial year | | | | | | | | |
| Loss for the year | - | - | - | - | (1,766) | (1,766) | (928) | (2,694) |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | (5,593) | - | - | - | (5,593) | (519) | (6,112) |
| Total comprehensive income for the financial year | - | (5,593) | - | - | (1,766) | (7,359) | (1,447) | (8,806) |
| Changes in ownership interests in subsidiaries | | | | | | | | |
| Strike-off of subsidiaries | - | - | - | - | - | - | 4 | 4 |
| Acquisition of non-controlling interests without a change in control | - | - | - | (413) | - | (413) | 413 | - |
| Increase in non-controlling interests without a change in control | - | - | - | - | - | - | 58 | 58 |
| Total changes in ownership interests in subsidiaries | - | - | - | (413) | - | (413) | 475 | 62 |
| As at 31 March 2020 and 1 April 2020 | 78,940 | (6,895) | 37,768 | 1,681 | 10,606 | 122,100 | 3,586 | 125,686 |
| Total comprehensive income for the financial year | | | | | | | | |
| Loss for the year | - | - | - | - | (9,715) | (9,715) | (919) | (10,634) |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | 4,657 | - | - | - | 4,657 | 378 | 5,035 |
| Total comprehensive income for the financial year | - | 4,657 | - | - | (9,715) | (5,058) | (541) | (5,599) |
| Transactions with owners, recognised directly in equity | | | | | | | | |
| Dividend paid, representing total distribution to owners | - | - | - | - | - | - | (644) | (644) |
| As at 31 March 2021 | 78,940 | (2,238) | 37,768 | 1,681 | 891 | 117,042 | 2,401 | 119,443 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

| | Share capital \$'000 | Accumulated losses \$'000 | Total \$'000 |
|---|----------------------------|---------------------------------|-----------------|
| Company | | | |
| As at 31 March 2019 | 294,506 | (104,472) | 190,034 |
| Loss for the year, representing total comprehensive income for the year | – | (78,429) | (78,429) |
| As at 31 March 2020 and 1 April 2020 | 294,506 | (182,901) | 111,605 |
| Loss for the year, representing total comprehensive income for the year | – | (11,701) | (11,701) |
| As at 31 March 2021 | 294,506 | (194,602) | 99,904 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|---|------|----------------|----------------|
| Operating activities | | | |
| Loss before tax | | (10,515) | (2,770) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 8,10 | 2,638 | 2,991 |
| Loss on disposal of property, plant and equipment | 8 | – | 5 |
| Loss on strike-off of subsidiaries | 8 | – | 4 |
| Interest income | 5 | (5) | (15) |
| Finance costs | 6 | 5,016 | 3,998 |
| Unrealised foreign exchange differences | | 380 | (2,181) |
| Share of results of investments in associates | | (113) | (97) |
| Share of results of investments in joint ventures | | 38 | (1,487) |
| Operating cash flows before changes in working capital | | (2,561) | 448 |
| <u>Changes in working capital</u> | | | |
| Trade and other receivables | | 360 | 1,421 |
| Other current assets | | (3) | 106 |
| Development properties | | (770) | 174 |
| Contract costs | | (636) | – |
| Inventories | | 83 | 119 |
| Trade and other payables | | 1,163 | 1,559 |
| Contract liabilities | | (990) | 1,645 |
| Cash flows (used in)/generated from operating activities | | (3,354) | 5,472 |
| Interest paid | | (1,549) | (5,417) |
| Interest received | | 1 | 6 |
| Tax paid | | (21) | (75) |
| Net cash flows used in operating activities | | (4,923) | (14) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|---|------|----------------|----------------|
| Investing activities | | | |
| Purchase of property, plant and equipment | 10 | (808) | (2,130) |
| Proceeds from disposal of property, plant and equipment | | – | 3 |
| Redemption of notes receivable | | – | 1,834 |
| Net cash flows used in investing activities | | (808) | (293) |
| Financing activities | | | |
| Repayment of bank borrowings | | (177) | (1,415) |
| Decrease in restricted funds placed in escrow accounts | | 99 | 514 |
| Repayment of finance leases | | (33) | (31) |
| Repayment of lease liabilities | | (435) | (588) |
| Proceeds from loan from a non-controlling interest | | – | 690 |
| Proceeds from bank borrowings | | 2,635 | – |
| Proceeds from loan from a shareholder | | 2,401 | 1,900 |
| Net cash flows generated from financing activities | | 4,490 | 1,070 |
| Net (decrease)/increase in cash and cash equivalents | | (1,241) | 763 |
| Cash and cash equivalents at beginning of the financial year | | 2,757 | 1,968 |
| Effect of foreign currency translation on cash and cash equivalents | | (16) | 26 |
| Cash and cash equivalents at end of the financial year | 20 | 1,500 | 2,757 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

1. CORPORATE INFORMATION

KOP Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore with its principal place of business and registered office at 316 Tanglin Road #01-01, Singapore 247978. The Company is listed on the Catalist of Singapore Exchange Securities Trading Limited (SGX-ST). The Company is a subsidiary of KOP Group Pte. Ltd., incorporated in Singapore, which is also the Company's immediate and ultimate holding company. KOP Group Pte. Ltd. is substantially owned by Ms. Ong Chih Ching and Ms. Leny Suparman. Related companies in these financial statements refer to subsidiaries of the ultimate holding company, excluding entities within the Group.

The principal activity of the Company is to carry on the business of an investment holding company. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 11, 12 and 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below and in Note 3.

Going concern assumption

The Group incurred a net loss of \$10,634,000 (2020: \$2,694,000) for the financial year ended 31 March 2021. The Group's current assets of \$131,818,000 (2020: \$132,089,000) mainly comprised development properties which amounted to \$126,718,000 (2020: \$125,948,000) as at 31 March 2021. The Company incurred a net loss of \$11,701,000 (2020: \$78,429,000) for the financial year ended 31 March 2021 and as at 31 March 2021, the Company is in a net current liabilities position of \$43,841,000 (2020: \$39,266,000). Included in the Group and Company's current liabilities is an amount of \$37,000,000 [Note 25(a)] and \$4,301,000 [Note 25(b)] due from a shareholder and its ultimate holding company respectively.

The performance of the Group's hospitality segment was adversely impacted by the COVID-19 pandemic. There is significant uncertainty as to the duration and impact of the COVID-19 pandemic, the timing of the expected recovery. The performance of the Company was mainly due to provision for impairment loss in investments in subsidiaries (Note 11).

The Group has implemented a series of cost control measures. These measures include closure of facilities and all food and beverage outlets in the resorts since March 2020, temporary closure of the resorts from the month of June 2020 and reopened in the last quarter of year 2020 for limited domestic business. In addition, the Group also implemented cost cutting measures such as requiring employees to take unpaid leave and/or annual leave, reducing the minimum consumption of energy and temporary suspension of services that are not required during this period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Going concern assumption (cont'd)

Notwithstanding the above, 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:

- 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.
- 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 for new shares of the Company for up to \$10 million.
- Subsequent to the financial year end, the loan from a shareholder of \$37 million [Note 25(a)] has been extended for another 12 months and will be due for repayment on 9 November 2022.
- The repayment of the loan from ultimate holding company of \$4.3 million [Note 25(b)] has been extended until cashflows of the Company improves.

If the Group and the Company are unable to generate sufficient cash flows, the Group and the Company may be unable to discharge its 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. No such adjustments have been made to these financial statements.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 April 2020. The adoption of these new/revised standards does not have any material effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendment to SFRS(I) 16: <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> | 1 April 2021 |
| Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment—Proceeds before Intended Use</i> | 1 January 2022 |
| Amendments to SFRS(I) 1-37: <i>Onerous Contracts—Cost of Fulfilling a Contract</i> | 1 January 2022 |
| Annual Improvements to FRSs 2018-2020 | 1 January 2022 |
| SFRS(I) 17: <i>Insurance contracts</i> | 1 January 2023 |
| Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Date to be determined |

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

(b) *Business combinations and goodwill*

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Transactions with non-controlling interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.24. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Property, plant and equipment (cont'd)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | | |
|------------------------------|---|---------------|
| Leasehold land and buildings | - | 20 – 45 years |
| Computers | - | 1 – 4 years |
| Furniture and fittings | - | 3 – 5 years |
| Motor vehicles | - | 5 – 8 years |
| Boats | - | 4 years |
| Office equipment | - | 1 – 5 years |
| Hotel and resort equipment | - | 3 – 5 years |
| Renovation | - | 5 years |
| Machinery and equipment | - | 3 – 5 years |

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

A change from property, plant and equipment to investment property that will be carried at fair value is accounted for in accordance to SFRS(I) 1-16 up to the date of change in use. The difference between the carrying amount of the property, plant and equipment and the fair value is recognised in other comprehensive income and accumulated in equity under the header revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is treated as the new gross carrying amount of the asset. The revaluation surplus included in the revaluation reserve under equity in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

2.8 *Investment properties*

Investment properties are properties that are either owned by the Group or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Impairment of non-financial assets (cont'd)*

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less any impairment losses.

2.11 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in joint ventures as an investment and accounts for the investment using the equity method. The accounting policy for investments in joint ventures is set out in Note 2.12.

2.12 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate and joint venture's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Joint ventures and associates (cont'd)*

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains or losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate or joint venture used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company. In any case, the difference between the end of the reporting period of the associate or joint venture and that of the investor shall be no more than three months. The length of the reporting periods and any difference between the ends of the reporting periods shall be the same from period to period. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Impairment of financial assets (cont'd)*

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has provided for lifetime expected credit losses based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of the development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.17 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted on a weighted-average basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 *Contract costs*

The Group pays sales commission to its intermediaries for each contract that they obtain for sale of development properties. The Group capitalises such commission as incremental costs to obtain a contract with the customer if these costs are recoverable. The capitalised costs are amortised to profit or loss as the Group recognises the related revenue.

2.20 *Contract liabilities*

Contract liabilities relate primarily to the progress billing issued in excess of the Group's right to the consideration in respect of its property development business.

2.21 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.23 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

2.24 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.25 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes and defined contribution plans are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 *Employee benefits (cont'd)*

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.26 *Leases*

The Group assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

(a) *As lessee*

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased assets transfers to the Group at the end of the lease term or the cost reflects the exercise of the purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment non-financial assets is disclosed in Note 2.9.

The Group's right-of-use assets are presented within property, plant and equipment (Note 10).

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present values of the lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities, is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 *Leases (cont'd)*

(b) *Sale and leaseback*

A sale and leaseback transaction involve the transfer of an asset to another entity and the leasing back of the same asset. The accounting treatment of a sale and leaseback transaction depends upon whether the transfer of an asset is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the right-of-use asset arising from the leaseback shall be measured at the proportion of the previous carrying amount of the asset and shall recognise only the amount of any gain or loss that relates to the rights transferred. If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, adjustments will be made to measure the sale proceeds at fair value where any below-market terms shall be accounted for as a prepayment of lease payments; and any above-market terms shall be accounted for as additional financing.

If the transfer of an asset is not accounted for as a sale of the asset, the assets would be continued to be recognised and a financial liability equal to the transfer proceeds shall be recognised on the balance sheet.

2.27 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Hotel and resort room revenue*

Room revenue from operation of hotels and resorts are recognised over time as the accommodation and related services are provided and based on the daily room rates over the duration of the stay stated in the contract.

(b) *Food & beverage, Spa and other retail revenues*

Food & beverage, Spa and other retail revenues are recognised at a point in time as and when the goods are transferred and services are rendered.

(c) *Sale of development properties*

The Group develops and sells residential properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Revenue (cont'd)

(c) *Sale of development properties (cont'd)*

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

(d) *Management, coordination and establishment fee*

Management fee from real estate origination, coordination services, consultancy services and establishment fee from external parties as well as management fee from related companies are recognised over time as the related services are provided over the duration of the service contracts.

(e) *Interest income*

Interest income is accrued using the effective interest rate method.

2.28 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.29 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, apart from involving estimates, management has made significant judgements on the appropriateness of preparing the consolidated financial statements on a going concern basis as disclosed in Note 2.1.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Net realisable value of development properties and impairment of property, plant and equipment

As at 31 March 2021, the Group has significant properties which comprise development properties (carried at the lower of cost or net realisable value) amounting to \$126,718,000 (2020: \$125,948,000) and leasehold land and buildings (carried at cost model) amounting to \$38,403,000 (2020: \$37,940,000). To assess the net realisable value of the development properties and the impairment of leasehold land and buildings, the Group engaged an external professional valuer to determine both the net realisable value of the development properties and the recoverable amount of the leasehold land and buildings. The key assumptions applied are discount rate, average room rates, occupancy rates, growth rate, selling price per square metre and gross development cost per square metre. These valuation results are based on the relevant market conditions prevailing at the reporting date, which may be subject to significant changes after the reporting period given the increased economic uncertainties brought on by the COVID-19 pandemic. Accordingly, the external professional valuers have included cautionary statements about the heightened uncertainty over valuations in their valuation reports.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 *Key sources of estimation uncertainty (cont'd)*

With regards to the net realisable value of development properties and recoverable amount of property, plant and equipment, management believes that no reasonably possible changes in any of the above assumptions would result in a material write-down in the carrying amounts.

The carrying amounts of the property, plant and equipment and development properties are disclosed in Notes 10 and 15 to the financial statements.

Revaluation of investment property held by joint venture

The Group's joint venture has an investment property which is carried at fair value, with changes in fair value being recognised in profit or loss (Note 13). This investment property is currently still under construction.

In the last financial year, the Group engaged an external professional valuer to determine the fair value for its investment property using recognised valuation techniques. The key assumptions applied are selling price per square metre and gross development cost per square metre. These valuation results are based on the relevant market conditions prevailing at the reporting date, which may be subject to significant changes after the reporting period given the increased economic uncertainties brought on by the COVID-19 pandemic. Accordingly, the external professional valuers have included cautionary statements about the heightened uncertainty over valuations in their valuation reports.

In the current financial year, the management of Group's joint venture did not respond to the professional valuer's requests for the information to conduct the valuation of the investment property as at 31 March 2021. Notwithstanding this, the directors have estimated that the fair value of the investment property as at 31 March 2021 to be \$658,658,000. This is determined based on the fair value of the investment property as at 31 March 2020 plus the additional costs incurred for the construction of the investment property during the financial year.

The carrying amount of the investments in joint ventures as at 31 March 2021 is \$103,167,000 (2020: \$101,073,000).

Revenue and cost of sales in respect of development properties

The Group's development properties amounted to \$126,718,000 as at 31 March 2021, of which \$24,853,000 relates to development properties ("Indonesia development properties") held by a subsidiary in Indonesia and the remaining carrying amount of \$101,865,000 relates to development properties in Singapore ("Singapore development properties").

Development properties in Indonesia

The Indonesia development properties comprise both completed properties held for sales and properties under development which are held at cost on the balance sheet.

Upon sale of the Indonesia development properties, revenue is recognised at a point in time when the buyer obtains control of the property as Group does not have an enforceable right to payment for performance completed for the development properties arising from the contractual terms. The corresponding cost of sales are determined based on an allocation of a proportion of total expected costs for the entire development. This allocation is calculated based on built-up land area of the sold units relative to the total built-up land area of all units in the development. Significant assumptions and estimations are required by management to estimate the total costs for the entire development. In making these estimates, management has relied on i) costs actually paid or contracted for, and in respect of costs not paid or contracted for, and ii) management's best estimates of the costs to be incurred taking into consideration historical trends of its project costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 *Key sources of estimation uncertainty (cont'd)*

Revenue and cost of sales in respect of development properties (cont'd)

Development properties in Singapore

Revenue for Singapore development properties are recognised based on its progress towards completing the construction, where the Group has enforceable rights to payment for performance completed to date. The measure of progress is determined with reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects. The Group is required to estimate the total construction costs which include estimation for variation works and any other claims from contractors. In making these estimates, the Group relies on past experience and the work of specialists. The amount of revenue recognised from development properties by the Group is therefore subject to uncertainty in respect of variation works and estimation of future costs.

The COVID-19 pandemic brings about volatility in market and economic conditions such that there is heightened uncertainty in the variation between actual results and estimates. Significant management judgement has been made to incorporate the current status and potential impact of COVID-19 in the key assumptions used in forming any revised completion timeline and estimated property development costs.

The Group's revenue recognised from the sale of development properties for the year is disclosed in Note 4 to the financial statements. The carrying amounts of the development properties are disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

4. REVENUE

(a) Disaggregation of revenue

| Segments | Real estate development and investment | | Real estate origination and management services | | | | Hospitality | | Total | |
|---|--|--------|---|--------|--------|--------|-------------|--------|--------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Primary geographical markets | | | | | | | | | | |
| Singapore | 2,800 | - | 1,101 | 1,515 | 199 | 256 | 4,100 | 1,771 | | |
| Indonesia | 2,688 | - | - | - | 1,337 | 17,006 | 4,025 | 17,006 | | |
| People's Republic of China | - | - | 190 | 1,592 | - | - | 190 | 1,592 | | |
| | 5,488 | - | 1,291 | 3,107 | 1,536 | 17,262 | 8,315 | 20,369 | | |
| Major product or service lines | | | | | | | | | | |
| Management, coordination, consultancy and establishment fee | - | - | 1,291 | 3,107 | 198 | 256 | 1,489 | 3,363 | | |
| Room revenue | - | - | - | - | 503 | 8,753 | 503 | 8,753 | | |
| Food & beverage, Spa and other retail revenue | - | - | - | - | 298 | 7,125 | 298 | 7,125 | | |
| Sale of development properties | 5,488 | - | - | - | - | - | 5,488 | - | | |
| Others | - | - | - | - | 537 | 1,128 | 537 | 1,128 | | |
| | 5,488 | - | 1,291 | 3,107 | 1,536 | 17,262 | 8,315 | 20,369 | | |
| Timing of transfer of goods or services | | | | | | | | | | |
| At a point in time | 5,488 | - | - | - | 835 | 8,253 | 6,323 | 8,253 | | |
| Over time | - | - | 1,291 | 3,107 | 701 | 9,009 | 1,992 | 12,116 | | |
| | 5,488 | - | 1,291 | 3,107 | 1,536 | 17,262 | 8,315 | 20,369 | | |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

4. REVENUE (CONT'D)

(b) Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

| | Group | |
|------------------------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Sales proceeds received in advance | 1,996 | 2,986 |

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties which the property has yet to be passed to the purchaser.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in contract liabilities are explained as follows:

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Revenue recognised that was included in the contract liability balance at beginning of the year | 2,800 | – |

5. OTHER OPERATING INCOME

| | Group | |
|---------------------------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Net foreign exchange gains | 382 | 488 |
| Government grants received | 785 | 11 |
| Interest income from third parties | 5 | 10 |
| Interest income from notes receivable | – | 5 |
| Other income | 2 | 534 |
| | 1,174 | 1,048 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

6. FINANCE COSTS

| | Group | |
|--|--------|---------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Interest expense: | | |
| - Bank loans | 1,812 | 2,661 |
| - Loan from a shareholder | 2,590 | 2,517 |
| - Loan from non-controlling interest | 351 | 80 |
| - Loan from ultimate holding company | 168 | 18 |
| - Lease liabilities | 3 | 39 |
| - Others | 92 | 448 |
| | 5,016 | 5,763 |
| Less: Amount capitalised in development properties (Note 15) | - | (1,765) |
| | 5,016 | 3,998 |

7. INCOME TAX EXPENSE/(CREDIT)

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 March 2021 and 2020 are:

| | Group | |
|--|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Consolidated statement of profit or loss and other comprehensive income | | |
| Income taxes | | |
| - Current income taxation | 62 | - |
| - Over provision in prior years | (116) | (153) |
| Deferred tax | | |
| - Origination and reversal of temporary differences | 173 | 77 |
| Income tax expense/(credit) recognised in profit or loss | 119 | (76) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

7. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

Relationship between income tax expense/(credit) and accounting loss

A reconciliation between income tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2021 and 2020 are as follows:

| | Group | |
|--|---------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Loss before tax | (10,515) | (2,770) |
| Tax at 17% (2020: 17%) | (1,788) | (471) |
| Adjustments: | | |
| Non-deductible expenses | 1,728 | 1,155 |
| Income not subjected to tax | (145) | (345) |
| Effect of partial tax exemption and tax relief | – | (17) |
| Utilisation of previously unrecognised tax losses | (957) | – |
| Deferred tax assets not recognised | 1,226 | 826 |
| Tax losses not available to be carried forward | 99 | 28 |
| Over provision of tax in prior years | (116) | (153) |
| Different tax rates of subsidiaries operating in other jurisdictions | 143 | (623) |
| Tax effect on share of results from investments in associates | (19) | (16) |
| Tax effect on share of results from investment in a joint venture | 6 | (253) |
| Others | (58) | (207) |
| | 119 | (76) |

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

At the end of the reporting period, the Group has unutilised tax losses and approved donations of \$38,065,000 (2020: \$36,483,000) and \$351,000 (2020: \$351,000) respectively, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses and capital allowances have no expiry date except for an amount of \$21,842,000 (2020: \$21,842,000) which will expire in 2022 – 2026 (2020: 2021 – 2025). The donations of \$351,000 (2020: \$351,000) will expire in 2022 – 2025 (2020: 2020 – 2023).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. LOSS AFTER TAX

Loss after tax has been arrived at after charging:

| | Group | |
|--|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Directors' remuneration: | | |
| - of the Company | 1,192 | 1,296 |
| - of the subsidiaries | 673 | 677 |
| | 1,865 | 1,973 |
| Directors' fees | 194 | 177 |
| Employee benefits expense (including directors' remuneration) | 3,374 | 3,709 |
| Defined contribution plans (included in employee benefits expense) | 197 | 231 |
| Audit fees: | | |
| - Paid to auditors of the Company | 90 | 223 |
| - Paid to other auditors | 25 | 22 |
| Depreciation of property, plant and equipment (Note 10) | 2,638 | 2,991 |
| Operating lease expense (Note 23) | 77 | 198 |
| Cost of inventories recognised as expenses | 305 | 3,531 |
| Cost of development properties recognised as expenses | 5,372 | - |
| Loss on disposal of property, plant and equipment | - | 5 |
| Loss on strike-off of subsidiaries | - | 4 |

9. LOSS PER SHARE

Basic loss per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The potential ordinary shares convertible from the loans from shareholders under the arrangement detailed in Note 25 have been excluded from the calculation of diluted earnings per share as their effects would be anti-dilutive (i.e. loss per share would have been reduced in the event that dilutive potential shares issued are converted into ordinary shares). Thus, the diluted earnings per share is the same as the basic earnings per share.

The following table reflects the loss and share data used in the computation of basic and diluted loss per share for the financial years ended 31 March:

| | Group | |
|---|---------------|---------------|
| | 2021 | 2020 |
| Loss attributable to owners of the Company (\$'000) | (9,715) | (1,766) |
| Weighted average number of ordinary shares for basic and diluted earnings per share (number of shares) | 1,107,962,214 | 1,107,962,214 |
| Basic and diluted loss per share (cents per share) | (0.88) | (0.16) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

10. PROPERTY, PLANT AND EQUIPMENT

| Group | Leasehold land and buildings \$'000 | Computers \$'000 | Furniture and fittings \$'000 | Motor vehicles \$'000 | Boats \$'000 | Office equipment \$'000 | Hotel and resort equipment \$'000 | Renovation equipment \$'000 | Machinery and equipment \$'000 | Total \$'000 |
|----------------------------------|-------------------------------------|------------------|-------------------------------|-----------------------|--------------|-------------------------|-----------------------------------|-----------------------------|--------------------------------|--------------|
| | | | | | | | | | | |
| Cost | | | | | | | | | | |
| At 31 March 2019 | 46,370 | 1,674 | 3,357 | 1,072 | 47 | 115 | 1,528 | 792 | 68 | 55,023 |
| (as previously stated) | | | | | | | | | | |
| Effect of adoption of SFRS(I) 16 | 784 | - | - | - | - | 31 | - | - | - | 815 |
| At 1 April 2019 (restated) | 47,154 | 1,674 | 3,357 | 1,072 | 47 | 146 | 1,528 | 792 | 68 | 55,838 |
| Additions | 1,294 | 32 | 36 | 75 | - | 14 | 170 | 733 | 16 | 2,370 |
| Disposals | (5) | - | (3) | - | - | (2) | (3) | - | - | (13) |
| Exchange differences | (3,761) | (122) | (264) | (65) | (4) | (3) | (145) | (118) | (7) | (4,489) |
| At 31 March 2020 | 44,682 | 1,584 | 3,126 | 1,082 | 43 | 155 | 1,550 | 1,407 | 77 | 53,706 |
| Additions | 185 | 49 | - | - | - | - | - | 574 | - | 808 |
| Adjustments | (21) | - | - | - | - | - | - | - | - | (21) |
| Exchange differences | 2,438 | 79 | 172 | 44 | 3 | 2 | 93 | 74 | 4 | 2,909 |
| At 31 March 2021 | 47,285 | 1,712 | 3,298 | 1,126 | 46 | 157 | 1,643 | 2,055 | 81 | 57,403 |
| Accumulated depreciation | | | | | | | | | | |
| At 1 April 2019 | 5,404 | 1,291 | 2,349 | 691 | 47 | 106 | 792 | 748 | 21 | 11,449 |
| Depreciation | 1,953 | 216 | 258 | 131 | - | 10 | 168 | 239 | 16 | 2,991 |
| Disposals | (2) | - | (1) | - | - | (1) | (1) | - | - | (5) |
| Exchange differences | (613) | (107) | (210) | (50) | (4) | (3) | (117) | (38) | (3) | (1,145) |
| At 31 March 2020 | 6,742 | 1,400 | 2,396 | 772 | 43 | 112 | 842 | 949 | 34 | 13,290 |
| Depreciation | 1,771 | 109 | 248 | 123 | - | 13 | 135 | 224 | 15 | 2,638 |
| Exchange differences | 369 | 67 | 132 | 32 | 3 | 2 | 72 | 22 | 1 | 700 |
| At 31 March 2021 | 8,882 | 1,576 | 2,776 | 927 | 46 | 127 | 1,049 | 1,195 | 50 | 16,628 |
| Carrying amount | | | | | | | | | | |
| At 31 March 2021 | 38,403 | 136 | 522 | 199 | - | 30 | 594 | 860 | 31 | 40,775 |
| At 31 March 2020 | 37,940 | 184 | 730 | 310 | - | 43 | 708 | 458 | 43 | 40,416 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Company | Computers \$'000 |
|---|-----------------------------|
| Cost | |
| At 1 April 2019, 31 March 2020 and 1 April 2020 | 5 |
| Additions | 2 |
| At 31 March 2021 | <u>7</u> |
| Accumulated depreciation | |
| At 1 April 2019 | 2 |
| Depreciation | 3 |
| At 31 March 2020 and 1 April 2020 | 5 |
| Depreciation | * |
| At 31 March 2021 | <u>5</u> |
| Carrying amounts | |
| At 31 March 2021 | <u>2</u> |
| At 31 March 2020 | <u>-</u> |

* Amount is less than one thousand.

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 23(a).

Assets held under finance leases

The carrying amount of motor vehicles held under finance leases at the end of the financial period was \$78,000 (2020: \$155,000). The cash outflow on acquisition of property, plant and equipment in 2021 amounted to \$808,000 (2020: \$2,130,000).

As at 31 March 2021, the Group's motor vehicles included assets held in trust by a Director of the Company with carrying amount of \$78,000 (2020: \$155,000).

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold land and buildings with a total carrying amount of \$38,403,000 (2020: \$37,940,000) are mortgaged to secure the Group's bank borrowings (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|--|-----------|-----------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Unquoted shares, at cost | 253,571 | 253,571 |
| Less: Allowance for impairment | (181,940) | (174,976) |
| | 71,631 | 78,595 |
| Loans and receivables | | |
| Amount due from a subsidiary | 72,112 | 72,276 |
| Carrying amount of investments in subsidiaries | 143,743 | 150,871 |

The amount due from a subsidiary is interest-free and repayable at the discretion of the subsidiary. The amount is considered an extension of the Company's net investment in the subsidiary.

Movements in the allowance for impairment for investments in subsidiaries are as follows:

| | Company | |
|----------------------------------|---------|---------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Balance at beginning of the year | 174,976 | 105,844 |
| Charged to profit or loss | 6,964 | 76,305 |
| Write-offs | - | (7,173) |
| Balance at end of the year | 181,940 | 174,976 |

The allowance for impairment of investment in subsidiaries was recorded to write-down the carrying amount of the investment in a subsidiary to its lower estimated recoverable amount mainly due to lower property valuations and losses recorded during the year (2020: mainly due to reorganisation of subsidiaries, lower property valuations and losses recorded during the year). In 2020, the write-offs were related to the strike-off of subsidiaries.

(a) Composition of the Group

Details of the Group's subsidiaries at the end of the reporting period are as follows:

| Name | Principal activity/ Place of incorporation | Effective equity held by the Group | |
|---|---|------------------------------------|------|
| | | 2021 | 2020 |
| | | % | % |
| Held by the Company | | | |
| KOP Properties Pte. Ltd. ⁽¹⁾ | Investment holding and business management consultancy services/ Singapore | 100 | 100 |
| Wintastar Holdings Pte. Ltd. ⁽¹⁾ | Investment holding and business management consultancy services/ Singapore | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Details of the Group's subsidiaries at the end of the reporting period are as follows:

| Name | Principal activity/ Place of incorporation | Effective equity held by the Group | |
|---|---|---------------------------------------|-----------|
| | | 2021 % | 2020 % |
| Subsidiaries held by KOP Properties Pte. Ltd. | | | |
| Montigo Nongsa Pte. Ltd. ⁽¹⁾ | Real estate activities with own or leased property and business and management consultancy services/ Singapore | 100 | 100 |
| P.T. Teguh Cipta Pratama ⁽⁸⁾ | Development and provision of resort services/ Indonesia | 100 | 100 |
| Montigo Resorts Pte. Ltd. ⁽¹⁾ | Management of hotels with restaurants/ Singapore | 100 | 100 |
| The Cranley Hotel (IOM) Limited ⁽²⁾⁽⁴⁾ | Property holding/ Isle of Man | 85 | 85 |
| Gramercy Properties Pte. Ltd. ⁽¹⁾⁽⁶⁾ | Real estate development/ Singapore | 82.81 | 82.81 |
| KOP Properties (HK) Limited ⁽²⁾⁽³⁾ | Property management and consultancy/ Hong Kong | 51 | 51 |
| KOP Cecil Pte. Ltd. ⁽¹⁾ | Investment holding/ Singapore | 100 | 100 |
| KOP Properties Shanghai Operation and Management Pte. Ltd. ⁽⁷⁾ | Real estate operation and management services/ Singapore | 100 | 100 |
| Dalvey Breeze Pte. Ltd. ⁽¹⁾ | Investment holding/ Singapore | 100 | 100 |
| Subsidiary held by Gramercy Properties Pte. Ltd. | | | |
| P.T. Montigo Seminyak ⁽⁶⁾⁽⁹⁾ | Development and provision of hotel services/ Indonesia | 82.81 | 82.81 |
| Subsidiary held by KOP Properties (HK) Limited | | | |
| KOP Management Services (Shanghai) Co., Ltd. ⁽²⁾⁽³⁾ | Property management and consultancy/ People's Republic of China | 51 | 51 |
| Subsidiaries held by Montigo Resorts Pte. Ltd. | | | |
| Cafe Montigo Pte. Ltd. ⁽⁷⁾ | Cafes and coffee houses/ Singapore | 60 | 60 |
| Montigo Hospitality (Shanghai) Co., Ltd. ⁽²⁾ | Hotel and property management/ People's Republic of China | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Details of the Group's subsidiaries at the end of the reporting period are as follows:

| Name | Principal activity/ Place of incorporation | Effective equity held by the Group | |
|--|--|---------------------------------------|-----------|
| | | 2021 % | 2020 % |
| <i>Subsidiary held by The Cranley Hotel (IOM) Limited</i> | | | |
| CHL Hotel Limited ⁽²⁾⁽⁴⁾ | Provision of hotel services/ United Kingdom | 85 | 85 |
| <i>Subsidiary held by Dalvey Breeze Pte. Ltd.</i> | | | |
| Dalvey Breeze Development Pte. Ltd. ⁽¹⁾ | Real estate developers/ Singapore | 60 | 60 |
| <i>Subsidiaries held by Wintastar Holdings Pte. Ltd.</i> | | | |
| Wintastar Real Estate Pte. Ltd. ⁽¹⁾ | Investment holding and real estate activities/ Singapore | 100 | 100 |
| Wintastar Operations Pte. Ltd. ⁽¹⁾ | Investment holding and business management consultancy services/ Singapore | 100 | 100 |
| Wintastar Concepts Pte. Ltd. ⁽¹⁾⁽⁵⁾ | Investment holding and operation and management services for real estate development/ Singapore | 100 | 100 |
| KOP Properties Operation and Management (Shanghai) Co., Ltd. ⁽²⁾ | Business management and consultancy/ People's Republic of China | 100 | 100 |
| Wintastar (Shanghai) Co., Ltd. ⁽²⁾ | Business management and consultancy/ People's Republic of China | 100 | 100 |
| <i>Subsidiary held by Wintastar Real Estate Pte. Ltd.</i> | | | |
| KOP Northern Lights Pte. Ltd. ⁽¹⁾ | Investment holding and real estate development/ Singapore | 100 | 100 |
| <i>Subsidiary held by Wintastar Operations Pte. Ltd.</i> | | | |
| WS Shanghai Operations Pte. Ltd. ⁽¹⁾ | Investment holding and business management consultancy services/ Singapore | 100 | 100 |
| <i>Subsidiary held by Wintastar Concepts Pte. Ltd.</i> | | | |
| KOP Winterland Operation and Management (Shanghai) Co., Ltd. ⁽²⁾⁽⁵⁾ | Investment management and consultancy/ People's Republic of China | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

- (1) Audited by UHY Lee Seng Chan & Co.
- (2) Audited by other auditors.
- (3) Collectively known as "KOP HK Group".
- (4) Collectively known as "Cranley Group".
- (5) Collectively known as "Wintastar Concepts Group".
- (6) Collectively known as "Gramercy Group".
- (7) Not audited as pending strike off.
- (8) Audited by UHY Lee Seng Chan & Co. for the purpose of expressing an opinion on the consolidated financial statements for the financial year ended 31 March 2021.
- (9) Audited by member firms of UHY International in the respective countries.

(b) Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

| Name of subsidiary | Principal place of business | Proportion of ownership interests held by NCI | | Profit/(Loss) allocated to NCI during the year | | Accumulated NCI at the end of the year | |
|---|--|---|-------|--|--------|--|---------|
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | | % | % | \$'000 | \$'000 | \$'000 | \$'000 |
| Cranley Group | United Kingdom | 15.00 | 15.00 | 4 | (183) | 1,242 | 1,872 |
| KOP HK Group | Hong Kong & People's Republic of China | 49.00 | 49.00 | 23 | (19) | (2,355) | (2,481) |
| Wintastar Concepts Group | Singapore & People's Republic of China | - | - | - | 6 | - | - |
| Gramercy Group | Singapore & Indonesia | 17.19 | 17.19 | (158) | (143) | 3,066 | 2,959 |
| Dalvey Breeze Development Pte. Ltd. | Singapore | 40.00 | 40.00 | (920) | (433) | 448 | 1,368 |
| Individual subsidiaries with immaterial non-controlling interests | | | | 132 | (156) | - | (132) |
| | | | | (919) | (928) | 2,401 | 3,586 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information before intercompany elimination of subsidiaries with material non-controlling interests are as follows:

| Name | Cranley Group | | KOP HK Group | | Wintastar Concepts Group | | Gramercy Group | | Dalvey Breeze Development Pte. Ltd. | |
|--|---------------|----------------|----------------|----------------|--------------------------|-----------|----------------|----------------|-------------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Summarised balance sheets | | | | | | | | | | |
| Current | | | | | | | | | | |
| Assets | 11,239 | 15,356 | 283 | 229 | - | - | 17,640 | 17,718 | 104,505 | 102,901 |
| Liabilities | (2,958) | (2,873) | (5,088) | (5,340) | - | - | (26,543) | (24,735) | (21,661) | (19,001) |
| Net current assets/(liabilities) | 8,281 | 12,483 | (4,805) | (5,111) | - | - | (8,903) | (7,017) | 82,844 | 83,900 |
| Non-current | | | | | | | | | | |
| Assets | - | - | - | 48 | - | - | 32,109 | 31,372 | 521 | 4 |
| Liabilities | - | - | - | - | - | - | (5,370) | (7,139) | (82,245) | (80,484) |
| Net non-current assets/(liabilities) | - | - | - | 48 | - | - | 26,739 | 24,233 | (81,724) | (80,480) |
| Net assets/(liabilities) | 8,281 | 12,483 | (4,805) | (5,063) | - | - | 17,836 | 17,216 | 1,120 | 3,420 |
| Summarised statement of profit or loss and other comprehensive income | | | | | | | | | | |
| Revenue | - | - | - | - | - | - | 21 | 5,215 | (2,801) | - |
| (Loss)/Profit after tax | 29 | (1,222) | 46 | (39) | - | 43 | (917) | (833) | (2,300) | (1,083) |
| Other comprehensive income | 65 | (25) | (304) | (222) | - | - | 1,516 | (2,735) | - | - |
| Total comprehensive income | 94 | (1,247) | (258) | (261) | - | 43 | 620 | (3,568) | (2,300) | (1,083) |
| Other summarised information | | | | | | | | | | |
| Net cash flow from operations | 4,309 | 1 | - | - | - | - | (9) | 1,144 | (1,476) | (1,003) |
| Net cash flow from investing | - | - | - | - | - | - | - | (1,143) | (519) | (4) |
| Net cash flow from financing | (4,296) | - | - | - | - | - | (78) | (901) | 1,410 | 2,358 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Acquisition of ownership interest in subsidiary without loss of control

On 15 January 2020, the Group's subsidiary company, Wintastar Holdings Pte. Ltd., acquired an additional 15% equity interest in Wintastar Concepts Pte. Ltd. ("Wintastar Concepts") from its non-controlling interests for a cash consideration of \$15. As a result of this acquisition, Wintastar Concepts became a wholly-owned subsidiary of Wintastar Holdings Pte. Ltd.. The carrying value of the net liabilities of Wintastar Concepts on 15 January 2020 was \$2,755,000 and the carrying value of the additional interest acquired was \$413,000. The difference of \$413,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in Wintastar Concepts on the equity attributable to owners of the Company:

| | 2020 \$'000 |
|---|----------------|
| Consideration paid for acquisition of non-controlling interests | * |
| Increase in equity attributable to non-controlling interests | 413 |
| Decrease in equity attributable to the Group | (413) |

* Amount is less than one thousand.

(e) Reorganisation of subsidiaries

On 27 March 2020, KOP Properties Pte. Ltd., a wholly-owned subsidiary of the Group, has transferred its 100% equity interest in Wintastar Holdings Pte. Ltd. ("WSH") to its immediate holding Company, KOP Limited at a consideration of \$10,000,000. The transfer of equity interest in WSH will streamline operations within the Group for greater administrative efficiency.

12. INVESTMENTS IN ASSOCIATES

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Cost of investments ⁽¹⁾ | – | 600 |
| Share of post-acquisition profit and losses, net of dividend received | 306 | 343 |
| | 306 | 943 |

Details of the Group's associates at the end of the reporting period are as follows:

| Name | Principal activity/ Place of incorporation | Proportion of ownership interest | |
|---|---|-------------------------------------|-----------|
| | | 2021 % | 2020 % |
| Art Heritage Singapore Pte. Ltd. ⁽³⁾ | Art and cultural exhibitions/ Singapore | – | 20 |
| Epic Land Pte. Ltd. ⁽²⁾ ("Epic Land") | Investment holding company/ Singapore | 25 | 25 |

(1) Includes an investment in an associate, Epic Land of \$25.

(2) Audited by other auditor.

(3) Liquidated during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

12. INVESTMENTS IN ASSOCIATES (CONT'D)

A dividend of \$750,000 (2020: \$Nil) was declared from Epic Land during the financial year ended 31 March 2021.

The summarised financial information in respect of the Group's material associates is based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

| | Epic Land | |
|---|------------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| <i>Summarised balance sheet</i> | | |
| Current assets | 1,483 | 8,801 |
| Non-current assets | – | – |
| Total assets | 1,483 | 8,801 |
| Current liabilities | (261) | (5,031) |
| Non-current liabilities | – | – |
| Total liabilities | (261) | (5,031) |
| Net assets | 1,222 | 3,770 |
| Proportion of the Group's ownership interest in Epic Land | 25% | 25% |
| Carrying amount of the Group's ownership interest in Epic Land | 306 | 943 |
| <i>Summarised statement of profit or loss and other comprehensive income</i> | | |
| Revenue | – | – |
| Profit for the year, representing total comprehensive income for the year | 452 | 387 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. INVESTMENTS IN JOINT VENTURES

Details of the Group's joint ventures at the end of the reporting period are as follows:

| Name | Principal activity/ Place of incorporation | Proportion of ownership interest | |
|--|--|-------------------------------------|-----------|
| | | 2021 % | 2020 % |
| Shanghai Snow Star Properties Co., Ltd. ("Snow Star") ⁽¹⁾⁽³⁾ | Investment management and consultancy/ People's Republic of China | 30 | 30 |
| Shanghai Jiayi Operation and Management Co., Ltd. ⁽²⁾ | Business management and consultancy/ People's Republic of China | 55 | 55 |

(1) Audited by other auditor.

(2) Dormant since incorporation.

(3) Audited for group reporting purpose by member firm of UHY International in the respective countries.

The Group jointly controls the joint ventures with other partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Summarised financial information in respect of the Group's material joint ventures, Snow Star is based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

| <i>Summarised balance sheet</i> | 2021 \$'000 | 2020 \$'000 |
|--|----------------|----------------|
| Current assets | 23,067 | 1,227 |
| Includes: | | |
| - Cash and bank balances | 5,632 | 944 |
| Current liabilities | 76 | 5,002 |
| Includes: | | |
| - Other current liabilities (including trade and other payables) | 17 | 4,778 |
| Non-current assets⁽¹⁾ | 660,139 | 506,448 |
| Non-current liabilities | 328,387 | 154,910 |
| Net assets | 354,743 | 347,763 |
| Proportion of the Group's ownership interest | 30% | 30% |
| Group's share of net assets | 106,423 | 104,329 |
| Consolidation adjustment arising from transaction with a joint venture | (3,256) | (3,256) |
| Carrying amount of the investment in a joint venture | 103,167 | 101,073 |

(1) The Group's joint venture company has an investment property amounting to \$658,658,000 (2020: \$490,728,000), which is carried at fair value as at 31 March 2020. The significant accounting judgments and estimates for the investment property are disclosed in Note 3.2.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. INVESTMENTS IN JOINT VENTURES (CONT'D)

| | 2021 \$'000 | 2020 \$'000 |
|--|----------------|----------------|
| <i>Summarised statement of profit or loss and other comprehensive income</i> | | |
| Revenue | – | – |
| Other income | 3 | – |
| Fair value gain on investment property | – | 6,696 |
| Expenses | (130) | (67) |
| Includes: | | |
| - Finance costs | (19) | (24) |
| (Loss)/Profit before tax | (127) | 6,629 |
| Income tax expenses | – | (1,674) |
| (Loss)/Profit after tax | (127) | 4,955 |
| Other comprehensive income: | | |
| - Exchange difference on translation of foreign operations | 7,107 | (1,922) |
| Total comprehensive income | 6,980 | 3,033 |

14. DEFERRED TAX

The following are the major deferred tax (assets)/liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

(a) *Deferred tax assets*

| | Group \$'000 |
|-----------------------------------|-------------------------------|
| At 31 March 2019 and 1 April 2019 | (40) |
| Exchange differences | (1) |
| At 31 March 2020 | (41) |
| Tax payable on cash received | (11) |
| At 31 March 2021 | (52) |

Deferred tax assets relate to the tax payable on advanced cash receipts for the sale of development properties in Indonesia which is recognised upon the hand-over of the units to the respective buyers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

14. DEFERRED TAX (CONT'D)

(b) *Deferred tax liabilities*

| | Group | | |
|---------------------------|--|---|--------|
| | Accelerated tax depreciation over accounting depreciation | Revaluation to fair value of property | Total |
| | \$'000 | \$'000 | \$'000 |
| At 1 April 2019 | 155 | 2,183 | 2,338 |
| Charged to profit or loss | – | 77 | 77 |
| Exchange differences | (7) | – | (7) |
| At 31 March 2020 | 148 | 2,260 | 2,408 |
| Charged to profit or loss | 173 | – | 173 |
| Exchange differences | 2 | – | 2 |
| At 31 March 2021 | 323 | 2,260 | 2,583 |

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2020: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's associates as there is no income tax consequences attached to the dividends from associates and there is no income tax payable on the subsequent distributions of profits from associates.

Tax consequences of proposed dividends

There are no income tax consequences for 2021 and 2020 attached to the dividends to the shareholders proposed by the Group and hence no liability has been recognised in the financial statements.

15. DEVELOPMENT PROPERTIES

Development properties consist of unsold properties under development.

| | Group | |
|------------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Completed properties held for sale | 13,869 | 14,650 |
| Properties under development | 112,849 | 111,298 |
| | 126,718 | 125,948 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

15. DEVELOPMENT PROPERTIES (CONT'D)

Development properties were analysed as follows:

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Land and other related costs | 98,504 | 98,411 |
| Development cost, related overhead expenditure and financing costs incurred to-date | 58,946 | 52,897 |
| Cost of development properties | 157,450 | 151,308 |
| Transferred to cost of sales | (30,732) | (25,360) |
| | 126,718 | 125,948 |

No interest expense was capitalised (2020: \$1,765,000) during the financial year (Note 6).

All development properties are pledged as securities for bank borrowings (Note 21). Borrowing costs capitalised in 2020 were from loans borrowed specifically for the development properties. Capitalisation of the borrowing costs have ceased in January 2020 as the development property at Dalvey Road was made ready for sale.

Particulars of the development properties are set out below:

| Description | Location | Tenure | Site area (square foot) | Gross floor area (square foot) | Approximate percentage of completion | Expected date of completion |
|-------------|--|--------------------------------------|----------------------------|--------------------------------------|--|-----------------------------------|
| Resort | Jalan Hang Lekir, Sambau Sub-District, Nongsa District, Batam City, Riau Islands Province, Indonesia | Hak Guna Bangunan title for 30 years | 1,296,459 | 780,229 | 87% | December 2023 |
| Residential | Lot 1086C of Town Subdivision 25 at 105 to 111 (odd no.) Dalvey Road Singapore | Freehold | 55,481 | 49,072 | 12% | December 2022 |

16. INVENTORIES

| | Group | |
|--------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Supplies and consumables | 329 | 412 |

Management has carried out a review of the net realisable value of the inventories as at the end of the reporting period and assessed that no allowance for write-down is required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

17. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Trade receivables | | | | |
| - Third parties | 113 | 535 | - | - |
| - Related parties | - | 18 | - | - |
| - Joint venture | 165 | 76 | - | - |
| | 278 | 629 | - | - |
| Other receivables | | | | |
| - Third parties | 1,417 | 1,307 | 9 | 17 |
| - Related companies | 24 | 24 | - | - |
| - Subsidiaries | - | - | 1,994 | 1,615 |
| | 1,441 | 1,331 | 2,003 | 1,632 |
| Total trade and other receivables | 1,719 | 1,960 | 2,003 | 1,632 |
| Add: | | | | |
| Other current assets, excluding prepayments (Note 18) | 359 | 244 | * | * |
| Cash and bank balances (Note 20) | 1,783 | 3,139 | 89 | 11 |
| Total financial assets carried at amortised cost | 3,861 | 5,343 | 2,092 | 1,643 |

* Amount is less than one thousand.

Trade and other receivables denominated in foreign currencies at 31 March are as follows:

| | Group | |
|----------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| United States Dollar | 138 | 147 |
| Great Britain Pounds | - | 634 |
| Indonesian Rupiah | 631 | 266 |
| China Renminbi | 87 | 443 |

Trade receivables

The average credit period on sale of goods and rendering of services ranges between 30 to 90 days (2020: 30 to 90 days). No interest is charged on the overdue balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

17. TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from subsidiaries, related companies, related parties and joint venture (trade and non-trade) and other receivables

The trade and non-trade receivables due from subsidiaries, related companies, related parties and joint venture and other receivables are unsecured, interest-free and repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The trade receivables that are neither past due nor impaired relate to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables is as follows:

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| At beginning and at end of the year | 155 | 155 | - | - |

The movement in allowance for expected credit losses of other receivables is as follows:

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| At beginning of the year | 1,358 | 1,358 | 149 | 149 |
| Written off | (905) | - | (58) | - |
| At end of the year | 453 | 1,358 | 91 | 149 |

18. OTHER CURRENT ASSETS

| | Group | | Company | |
|-------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Deposits | 359 | 244 | * | * |
| Prepayments | 274 | 386 | 29 | 12 |
| | 633 | 630 | 29 | 12 |

* Amount is less than one thousand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

19. CONTRACT COSTS

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Costs to obtain sales contracts for development properties: | | |
| At beginning of the year | - | - |
| Additions | 720 | - |
| Amortisation | (84) | - |
| At end of the year | 636 | - |

Costs to obtain sales contracts for development properties relate to incremental commission fees paid to intermediaries as a result of obtaining residential property sales contracts. These costs are amortised on a straight-line basis over the period of construction as this reflects the period over which the residential property is transferred to the customer.

Amortisation of contact costs amounting to \$84,000 (2020: \$Nil) are recognised within "Distribution costs" in the consolidated statement of profit or loss. There has been no impairment loss recognised on the contract costs for the financial years ended 31 March 2021 and 2020.

20. CASH AND BANK BALANCES

| | Group | | Company | |
|---------------------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at banks and on hand | 1,500 | 2,757 | 89 | 11 |
| Funds placed in escrow accounts | 283 | 382 | - | - |
| | 1,783 | 3,139 | 89 | 11 |

As at 31 March 2021, the Group's cash and cash equivalents of \$1,207,000 (2020: \$1,800,000) were held under project accounts and withdrawals from which are designated for payments for expenditure incurred on project.

Cash and bank balances denominated in foreign currencies at 31 March are as follows:

| | Group | | Company | |
|----------------------|--------|--------|---------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| United States Dollar | 355 | 454 | - | - |
| Hong Kong Dollar | 10 | 11 | - | - |
| China Renminbi | - | 52 | - | - |
| Great Britain Pounds | 15 | 2 | - | - |
| Indonesian Rupiah | - | 71 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

20. CASH AND BANK BALANCES (CONT'D)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Cash and bank balances | 1,783 | 3,139 | 89 | 11 |
| Less: Restricted funds placed in escrow accounts | (283) | (382) | - | - |
| Cash and cash equivalents in the consolidated cash flow statement | 1,500 | 2,757 | 89 | 11 |

Cash at bank earns interest at floating rates based on bank deposit rates. Funds placed in escrow accounts relate to the minimum balance maintained with banks to secure bank borrowings (Note 21).

21. BANK BORROWINGS (SECURED)

| | Group | |
|---------------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Current | | |
| Fixed rate bank loans | | |
| - 7-year USD loan | 3,477 | 2,392 |
| - 5-year SGD loan | 217 | - |
| | 3,694 | 2,392 |
| Non-current | | |
| Fixed rate bank loans | | |
| - 7-year USD loan | 5,371 | 7,139 |
| - 5-year SGD loan | 1,083 | - |
| Variable rate bank loan | | |
| - SGD land loan and construction loan | 70,954 | 69,544 |
| | 77,408 | 76,683 |
| Total bank borrowings (secured) | 81,102 | 79,075 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

21. BANK BORROWINGS (SECURED) (CONT'D)

The Group's bank borrowings comprise the followings:

(a) **7-year fixed rate bank loan**

The 7-year USD term loan of \$8,848,000 (2020: \$9,531,000) bears interest at 5.50% (2020: 7.00%) per annum and matures in June 2023. The loan is secured by a legal mortgage of the leasehold land and building of a subsidiary, personal guarantee from directors of the Company and corporate guarantee from a subsidiary.

The loan includes a financial covenant which requires the subsidiary to maintain a maximum adjusted gearing ratio of 0.7 throughout the tenure of the loan.

Subsequent to the financial year, the loan has been restructured and will mature in June 2025.

(b) **5-year fixed rate bank loan**

The 5-year SGD term loan of \$1,300,000 (2020: Nil) bears interest at 2.75% (2020: Nil) per annum and matures in July 2025. The loan is secured by a corporate guarantee from the Company (Note 32).

(c) **Variable rate bank loans**

The variable rate bank loans comprise a SGD land loan of \$69,750,000 and a SGD construction loan of up to \$15,000,000 that was drawdown to \$1,336,000 as at the reporting date. The loans bear interest at 1.40% per annum over and above the prevailing SIBOR rate and are repayable 48 months from the date of drawdown of the land loan or 6 months from date of issuance of Temporary Occupation Permit (TOP) for the proposed development, whichever is earlier.

The loans are secured by a legal mortgage of the development property of the Group's subsidiary (Note 15) and proportionate guarantee from the Company (Note 32).

A reconciliation of liabilities arising from financing activities is as follows:

| | 1 April 2020 | Cash flows, net | Non-cash changes | | | 31 March 2021 |
|---|-----------------|--------------------|-----------------------|---------------------------------|--------|------------------|
| | | | Reclassifi- cation | Foreign exchange movement | Others | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | | | |
| Bank borrowings | 2,392 | 40 | 1,262 | – | – | 3,694 |
| Finance leases (Note 22) | 33 | (33) | 35 | – | – | 35 |
| Loans from shareholders (Note 25) | 38,900 | 2,401 | – | – | – | 41,301 |
| Non-current | | | | | | |
| Bank borrowings | 76,683 | 2,418 | (1,262) | (506) | 75 | 77,408 |
| Finance leases (Note 22) | 113 | – | (35) | – | – | 78 |
| Loan from a non-controlling interest (Note 26) | 10,941 | – | – | – | 351 | 11,292 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

21. BANK BORROWINGS (SECURED) (CONT'D)

A reconciliation of liabilities arising from financing activities is as follows: (cont'd)

| | 1 April 2019 \$'000 | Cash flows, net \$'000 | Reclassifi- cation \$'000 | Non-cash changes | | 31 March 2020 \$'000 |
|--|---------------------------|---------------------------|---------------------------------|---|------------------|----------------------------|
| | | | | Foreign exchange movement \$'000 | Others \$'000 | |
| Current | | | | | | |
| Bank borrowings | 1,749 | (1,415) | 2,392 | (334) | – | 2,392 |
| Finance leases (Note 22) | 31 | (31) | 33 | – | – | 33 |
| Loans from shareholders (Note 25) | – | 1,900 | 37,000 | – | – | 38,900 |
| Non-current | | | | | | |
| Bank borrowings | 78,172 | – | (2,392) | 828 | 75 | 76,683 |
| Finance leases (Note 22) | 146 | – | (33) | – | – | 113 |
| Loans from shareholders (Note 25) | 37,000 | – | (37,000) | – | – | – |
| Loan from a non-controlling interest (Note 26) | 9,987 | 690 | – | – | 264 | 10,941 |

22. FINANCE LEASES

| | Group | | | |
|---|------------------------|----------------|---|----------------|
| | Minimum lease payments | | Present value of minimum lease payments | |
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Amount payable under finance leases: | | | | |
| Within one year | 39 | 39 | 35 | 33 |
| Between two to five years | 82 | 121 | 78 | 113 |
| | 121 | 160 | 113 | 146 |
| Less: Future finance charges | (8) | (14) | – | – |
| Present value of lease obligations | 113 | 146 | 113 | 146 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | | | (35) | (33) |
| Amount due for settlement after 12 months | | | 78 | 113 |

The Group has finance lease for motor vehicles. The finance lease has a lease term of 7 years (2020: 7 years) and bears interest rate of 2.58% per annum (2020: 2.58% per annum). The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance lease is secured by the leased assets (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

23. LEASES

The Group has lease contracts for land, buildings and office equipment. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the lease assets.

The Group also has certain leases of land and building with lease terms of 12 months or less. The Group has applied the 'short term lease' recognition exemption for these leases.

(a) Right-of-use assets

Carrying amounts of right-of-use assets classified within property, plant and equipment:

| | Group | | |
|--|---|-------------------------------|-----------------|
| | Leasehold land and buildings \$'000 | Office equipment \$'000 | Total \$'000 |
| At 1 April 2019 – on initial recognition | 1,012 | 31 | 1,043 |
| Additions | 240 | – | 240 |
| Depreciation | (575) | (7) | (582) |
| At 31 March 2020 | 677 | 24 | 701 |
| Additions | 163 | – | 163 |
| Depreciation | (433) | (7) | (440) |
| At 31 March 2021 | 407 | 17 | 424 |

(b) Lease liabilities

The table below sets out the carrying amount of lease liabilities and the movements during the year:

| | Group | |
|--------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| At beginning of the year | 506 | 815 |
| Additions | 163 | 240 |
| Accretion of interest | 11 | 39 |
| Payments | (434) | (588) |
| At end of the year | 246 | 506 |
| Current | 139 | 428 |
| Non-current | 107 | 78 |
| Total lease liabilities | 246 | 506 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

23. LEASES (CONT'D)

(c) Amounts recognised in profit or loss

The table below sets out the amounts recognised in profit or loss during the year:

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Depreciation of right-of-use assets | 429 | 570 |
| Interest expense on lease liabilities | 11 | 39 |
| Expenses relating to short-term leases (included in administrative and general expenses) | 77 | 198 |
| Expenses relating to variable leases (included in cost of sales) | 6 | 59 |
| Total amount recognised in profit or loss | 523 | 866 |

(d) Total cash outflows

The Group had total cash outflows for leases of \$434,000 for the financial year ended 31 March 2021 (2020: \$588,000).

24. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Trade payables | 3,042 | 3,570 | – | – |
| Accrued operating expenses | 6,701 | 2,281 | 2,859 | 789 |
| Advances from non-controlling interests | 1,504 | 1,597 | – | – |
| Deposits received ⁽¹⁾ | 649 | 461 | – | – |
| Amounts due to directors | 1,315 | 1,006 | 1,315 | 1,006 |
| Amounts due to ultimate holding company | – | 15 | – | – |
| Amounts due to related companies | 131 | 1 | – | – |
| Other payables | 3,044 | 3,215 | 487 | 226 |
| | 16,386 | 12,146 | 4,661 | 2,021 |
| Trade and other payables (excluding non-refundable deposits) | 15,737 | 11,685 | 4,661 | 2,021 |
| Add: | | | | |
| Bank borrowings (secured) (Note 21) | 81,102 | 79,075 | – | – |
| Finance leases (Note 22) | 113 | 146 | – | – |
| Lease liabilities (Note 23) | 246 | 506 | – | – |
| Loans from shareholders (Note 25) | 41,301 | 38,900 | 41,301 | 38,900 |
| Loan from a non-controlling interest (Note 26) | 11,292 | 10,941 | – | – |
| Total financial liabilities carried at amortised cost | 149,791 | 141,253 | 45,962 | 40,921 |

(1) The deposits received include non-refundable deposits of \$649,000 (2020: \$461,000) mainly received from resort guests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables denominated in foreign currencies at 31 March are as follows:

| | Group | |
|----------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| United States Dollar | 1,540 | 1,599 |
| Hong Kong Dollar | 46 | 49 |
| China Renminbi | 229 | 247 |
| Great Britain Pounds | 1,543 | 1,414 |
| Euros | 331 | 328 |
| Indonesian Rupiah | 4,253 | 4,884 |

Trade payables/Other payables

The average credit period on purchases of goods and services ranges between 30 to 120 days (2020: 30 to 120 days). No interest is charged on the overdue balances.

Amounts due to ultimate holding company and related companies

The non-trade payables due to ultimate holding company and related companies are unsecured, interest-free and repayable on demand and are to be settled in cash.

Amounts due to directors

The amounts due to directors are non-trade related, unsecured, interest-free and repayable on demand and are to be settled in cash.

Advances from non-controlling interests

The advances from non-controlling interests are interest-free, unsecured and repayable on demand and are to be settled in cash.

25. LOANS FROM SHAREHOLDERS

The Group's loans from shareholders comprise the followings:

- (a) Shareholder: \$37,000,000 fixed rate loan (2020: \$37,000,000)

The loan from shareholder is denominated in SGD and bears interest at 7% per annum. The loan which was originally matured in November 2018 was extended for repayment to November 2021. Subsequent to financial year end, the loan has been extended for another 12 months and will be due for repayment in November 2022.

The loan is convertible into fully paid-up ordinary shares in the capital of the Company, at the option of the shareholder, in the event that the Company is unable to repay the loan on maturity date. The loan is secured by personal guarantees from certain directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

25. LOANS FROM SHAREHOLDERS (CONT'D)

- (b) Ultimate holding company: \$4,301,000 fixed rate loan (2020: \$1,900,000)

The loan from ultimate holding company is denominated in SGD, bears interest at 7% per annum and repayable in 3 months or such other date as the parties shall agree in writing. During the financial year, the loan has been extended until cashflows of the Company improves.

The loan is convertible into fully paid-up ordinary shares in the capital of the Company, at the option of the shareholder, in the event that the Company is unable to repay the loan on maturity date.

26. LOAN FROM A NON-CONTROLLING INTEREST

The loan from a non-controlling interest is denominated in SGD, interest-free and not expected to be repaid within the next twelve months.

27. SHARE CAPITAL

| | Group and Company | | Company | |
|-----------------------------------|--|---------------|---------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | Number of ordinary shares ⁽¹⁾ | | \$'000 | |
| Issued and fully paid-up capital: | | | | |
| At beginning and end of the year | 1,107,962,214 | 1,107,962,214 | 294,506 | 294,506 |

- (1) The equity structure (i.e. the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to effect the reverse acquisition on 4 May 2014.

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | |
| Issued and fully paid-up capital ⁽²⁾ : | | |
| At beginning and end of the year | 78,940 | 78,940 |

- (2) The amount recognised as issued equity instruments in the consolidated financial statements is determined by adding to the issued equity of Scorpio East Holdings Ltd. and its subsidiaries immediately before the reverse acquisition to the costs of the reverse acquisition and proceeds from issuance of shares by the Company subsequent to the completion of the reverse acquisition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

28. FOREIGN CURRENCY TRANSLATION RESERVES

The foreign currency translation reserves represent exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. REVALUATION RESERVE

The revaluation reserve represents increases in the fair value of a revalued property, net of deferred tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

30. OTHER RESERVES

Other reserves arose from transactions with ultimate holding company and a non-controlling interest.

31. OTHER RELATED PARTIES TRANSACTIONS

- (a) During the financial year, the Group entered into the following significant transactions with related parties at terms agreed between the parties, other than those disclosed elsewhere in the financial statements:

| | Group | |
|---|--------|---------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Ultimate holding company | | |
| Loan | 2,401 | 1,900 |
| License fee | 1 | 1 |
| Interest expense | 168 | 18 |
| Related companies | | |
| Management fee income | (84) | (420) |
| Interest income from notes receivable | – | (5) |
| Joint venture | | |
| Consultancy fee income | (632) | (1,150) |
| Entity which the directors of the Company have interest in | | |
| Management fee income | (200) | (200) |
| Transactions with directors of the Company | | |
| Management fee income from development properties sold | (7) | (7) |
| Shared return from development properties | (6) | 15 |
| Guarantors fee | 280 | 292 |
| Transactions with shareholder of the Company | | |
| Interest expense | 2,590 | 2,517 |

The guarantors fee were paid to the Group's certain directors for the execution of personal guarantee for the 7-year USD term loan and loan from a shareholder. The fees are accrued on a daily basis at 0.5% per annum and 0.25% per annum on the outstanding principal amount of the 7-year USD term loan and loan from a shareholder respectively, from the date of the loan facility agreement until the facilities are repaid and the directors' personal guarantee are discharged.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

31. OTHER RELATED PARTIES TRANSACTIONS (CONT'D)

- (b) Compensation of directors and key management personnel

The remuneration of directors and members of key management personnel during the year were as follows:

| | Group | |
|--------------------------------------|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Short-term employee benefits | 1,989 | 2,089 |
| Central Provident Fund contributions | 70 | 61 |
| | 2,059 | 2,150 |

The remuneration of directors and members of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

32. CONTINGENT LIABILITIES

Corporate guarantees

| | Group | |
|---|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Corporate guarantees to financial institutions for a subsidiaries' banking facilities | 43,951 | 41,850 |

Based on information currently available, the Group does not expect any liabilities to arise from the guarantees.

Legal claims

- (a) On 13 May 2016, certain subsidiaries and the Company's directors received a Writ of Summons for alleged breach of duties in relation to a collaboration between a subsidiary and a non-controlling shareholder of a subsidiary.

In 2019, the Company received a judgement that the judge dismissed all claims against the Company's Directors and subsidiaries.

Thereafter, the plaintiff appealed to Court of Appeal and the hearing for the appeals had been fixed on 18 February 2020.

On 18 February 2020, the Court of Appeal dismissed the appeal made against the Company's Directors and subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. CONTINGENT LIABILITIES (CONT'D)

Legal claims (cont'd)

- (b) In 2018, the Group received a notice from the court of Batam, Indonesia in relation to a statement of claim filed on 13 December 2017 to cancel the lease and unit management agreement for 2 units of the property owned by the Group.

On 13 March 2019, the Group received the verdict which the Court of Batam, Indonesia (the "Court") pronounced that the claim brought by the plaintiff has failed and ordered the plaintiff to pay all costs incurred by the Court.

The plaintiff appealed to Court of Batam and the Court of Batam has rejected the appeal. Thereafter, the plaintiff filed another appeal which is currently pending the judgement.

The Directors are of the view that there are no merits to the claim and hence, no provision of the claim has been made for the financial year ended 31 March 2021.

Notice of Arbitration

On 18 January 2021, the Company's indirect subsidiary, KOP Northern Lights Pte. Ltd., received a notice of arbitration dated 4 January 2021 through mail at the subsidiary's Singapore mailing address.

On 11 February 2021, Group has appointed its lawyers for the arbitration.

On 5 March 2021, the lawyers advised that, in accordance with Article 40 of the 《中华人民共和国仲裁法》 and Article 41 of the 《中国（上海）自由贸易试验区仲裁规则》, further disclosure of the status of the arbitration case would cause the Company to be in breach of these laws and regulations. As such, in accordance with Rule 703(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist, the Group is unable to disclose more details pertaining to the arbitration at this juncture. Notwithstanding this, the Group will seek consent from the counterparties and the relevant authorities to disclose more details on the arbitration case.

On 3 June 2021, the Group updated that the counterparties had on 26 May 2021 rejected the Company's request to disclose more details on the arbitration.

At the reporting date, the Directors of the Company are of the view that it is presently not practicable to provide an estimate of the financial effects, if any, arising from the above arbitration.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

33. COMMITMENTS

Capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

| | Group | |
|--|--------|--------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Development properties | 25,031 | 27,314 |
| Consultancy fee for real estate development and investment project | 585 | 639 |
| | 25,616 | 27,953 |

The commitments are not expected to be settled within the next 12 months from the date of financial statements.

34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Trade and other receivables, other current assets, cash and bank balances, trade and other payables

The carrying amounts of these balances approximate fair values due to their short-term nature.

Variable rate bank loans

The carrying amounts of these balances approximate fair values as their interest rates approximate market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) *Assets and liabilities not measured at fair value, for which fair value is disclosed*

The following table shows an analysis of the Group's and Company's liabilities not measured at fair value, for which fair value is disclosed:

| Group | Fair value measurements at the end of the reporting period using | | | | |
|---|--|--|---|------------------|-----------------|
| | Quoted prices in active markets for identical assets (Level 1) | Significant observable inputs other than quoted prices (Level 2) | Significant unobservable inputs (Level 3) | Fair value Total | Carrying amount |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 31 March 2021 | | | | | |
| Liabilities: | | | | | |
| Bank borrowings (secured): | | | | | |
| - Fixed rate bank loan | - | - | 10,057 | 10,057 | 10,148 |
| - Variable rate bank loan | - | - | 66,746 | 66,746 | 70,954 |
| Finance leases | - | - | 121 | 121 | 113 |
| Loans from shareholders | - | - | 42,883 | 42,883 | 41,301 |
| 31 March 2020 | | | | | |
| Liabilities: | | | | | |
| Bank borrowings (secured): | | | | | |
| - Fixed rate bank loan | - | - | 9,456 | 9,456 | 9,531 |
| - Variable rate bank loan | - | - | 64,559 | 64,559 | 69,544 |
| Finance leases | - | - | 160 | 160 | 146 |
| Loans from shareholders | - | - | 40,497 | 40,497 | 38,900 |
| Fair value measurements at the end of the reporting period using | | | | | |
| Company | Quoted prices in active markets for identical assets (Level 1) | Significant observable inputs other than quoted prices (Level 2) | Significant unobservable inputs (Level 3) | Fair value Total | Carrying amount |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 31 March 2021 | | | | | |
| Liabilities: | | | | | |
| Loans from shareholders | - | - | 42,883 | 42,883 | 41,301 |
| 31 March 2020 | | | | | |
| Liabilities: | | | | | |
| Loans from shareholders | - | - | 40,497 | 40,497 | 38,900 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) *Assets and liabilities not measured at fair value, for which fair value is disclosed (cont'd)*

Determination of fair value

Fixed rate bank loans, finance leases and loans from shareholders

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has five reportable segments as follows:

| | | |
|-------|---|--|
| (i) | Real estate development and investment | The development, construction and sale of development properties. |
| (ii) | Real estate origination and management services | The provision of business and management services for projects, including acquisition of properties and undertaking the development conceptualisation, construction management, marketing and branding strategising and retail sales of such projects. |
| (iii) | Hospitality | Management and operation of hotel and resort, including restaurants and spas. |
| (iv) | Entertainment | Sales of goods, sales of tickets and sponsorship income. |
| (v) | Corporate office | Management fee income from subsidiaries, Group-level corporate services and treasury function. |

For the purpose of monitoring segment performance and allocating resources, the Management monitors the assets and liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments. Assets or liabilities, if any, used jointly by reportable segments are allocated to the segments on a reasonable basis. Segment revenue represents revenue generated from external and internal customers. Segment result represents the (loss)/profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Corporate office consists of shared corporate assets and liabilities that could not be specifically allocated to each reportable segment.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

35. SEGMENT INFORMATION (CONT'D)

| | Real estate development and investment \$'000 | Real estate origination and management services \$'000 | Hospitality \$'000 | Entertain- ment \$'000 | Corporate office \$'000 | Inter- segment eliminations \$'000 | Total \$'000 |
|---|---|---|-----------------------|------------------------------|-------------------------------|---|-----------------|
| 31 March 2021 | | | | | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 5,489 | 1,291 | 1,535 | - | - | - | 8,315 |
| Inter-segment revenue | - | - | - | - | 400 | (400) | - |
| | 5,489 | 1,291 | 1,535 | - | 400 | (400) | 8,315 |
| Results | | | | | | | |
| Segment results | (599) | (1,528) | (1,067) | - | (2,380) | - | (5,574) |
| Finance costs | (1,655) | (38) | (565) | - | (2,758) | - | (5,016) |
| Share of results from investments in associates | 113 | - | - | - | - | - | 113 |
| Share of results from investments in joint ventures | - | (38) | - | - | - | - | (38) |
| Reportable loss | (2,141) | (1,604) | (1,632) | - | (5,138) | - | (10,515) |
| Income tax (expense)/credit | (152) | - | 33 | - | - | - | (119) |
| Loss for the year | (2,293) | (1,604) | (1,599) | - | (5,138) | - | (10,634) |
| Other information | | | | | | | |
| Interest income | - | 4 | 1 | - | - | - | 5 |
| Depreciation of property, plant and equipment | (584) | (588) | (1,466) | - | - | - | (2,638) |
| Reportable segments assets | 136,989 | 104,291 | 34,710 | - | 128 | - | 276,118 |
| Reportable segments assets included: | | | | | | | |
| Investments in associates | 306 | - | - | - | - | - | 306 |
| Investments in joint ventures | - | 103,167 | - | - | - | - | 103,167 |
| Additions to non-current assets | 519 | 246 | 41 | - | 2 | - | 808 |
| Reportable segments liabilities | 88,094 | 7,239 | 15,381 | - | 45,961 | - | 156,675 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

35. SEGMENT INFORMATION (CONT'D)

| | Real estate development and investment \$'000 | Real estate origination and management services \$'000 | Hospitality \$'000 | Entertain- ment \$'000 | Corporate office \$'000 | Inter- segment eliminations \$'000 | Total \$'000 |
|--|---|---|-----------------------|------------------------------|-------------------------------|---|-----------------|
| 31 March 2020 | | | | | | | |
| Revenue | | | | | | | |
| Revenue from external customers | - | 3,107 | 17,262 | - | - | - | 20,369 |
| Inter-segment revenue | - | - | - | - | 2,400 | (2,400) | - |
| | - | 3,107 | 17,262 | - | 2,400 | (2,400) | 20,369 |
| Results | | | | | | | |
| Segment results | (660) | 616 | 1,601 | - | (1,913) | - | (356) |
| Finance costs | (622) | (44) | (716) | - | (2,616) | - | (3,998) |
| Share of results from investments in associates | 97 | - | - | - | - | - | 97 |
| Share of results from investments in joint ventures | - | 1,487 | - | - | - | - | 1,487 |
| Reportable (loss)/profit | (1,185) | 2,059 | 885 | - | (4,529) | - | (2,770) |
| Income tax credits | - | 72 | - | - | 4 | - | 76 |
| (Loss)/Profit for the year | (1,185) | 2,131 | 885 | - | (4,525) | - | (2,694) |
| Other information | | | | | | | |
| Interest income | - | 9 | 6 | - | - | - | 15 |
| Depreciation of property, plant and equipment | (676) | (667) | (1,648) | - | - | - | (2,991) |
| (Loss)/Gain on disposal of property, plant and equipment | (3) | 1 | (3) | - | - | - | (5) |
| Loss on strike-off of subsidiaries | - | - | (2) | - | (2) | - | (4) |
| Reportable segments assets | 136,042 | 103,370 | 35,110 | - | 40 | - | 274,562 |
| Reportable segments assets included: | | | | | | | |
| Investments in associates | 943 | - | - | - | - | - | 943 |
| Investments in joint ventures | - | 101,073 | - | - | - | - | 101,073 |
| Additions to non-current assets | 4 | 254 | 2,112 | - | - | - | 2,370 |
| Reportable segments liabilities | 86,039 | 6,726 | 15,190 | - | 40,921 | - | 148,876 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

35. SEGMENT INFORMATION (CONT'D)

Geographical information

The operations of the Group are principally located in Singapore, Indonesia and People's Republic of China.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred tax assets) by geographical locations are detailed below:

| | Revenue | | Non-current assets | |
|----------------------------|---------|--------|--------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Singapore | 4,100 | 1,771 | 1,189 | 1,569 |
| Indonesia | 4,025 | 17,006 | 39,816 | 39,618 |
| People's Republic of China | 190 | 1,592 | 103,243 | 101,245 |
| | 8,315 | 20,369 | 144,248 | 142,432 |

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by the Board of Directors in accordance with prevailing economic and operating conditions.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Foreign currency risk

The Group operates primarily in Singapore, Indonesia, People's Republic of China and the United Kingdom and as a result, is exposed to foreign currency risk from transactions denominated in foreign currencies, arising from its normal business activities.

The Group does not enter into derivative foreign exchange contracts and foreign currency borrowings to hedge against foreign currency risk. Exposures to foreign currency risks are managed as far as possible by natural hedges of matching assets and liabilities.

At the end of the reporting period, the material carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

| | Group | | | |
|-----------------------|--------|--------|-------------|----------|
| | Assets | | Liabilities | |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| United States Dollars | 493 | 601 | (10,388) | (11,130) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Foreign currency risk (cont'd)*

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Indonesia, Hong Kong, People's Republic of China (PRC) and the United Kingdom. The Group's net investments in Indonesia, Hong Kong, PRC and the United Kingdom are not hedged as currency positions in Indonesian Rupiah, Hong Kong Dollars, China Renminbi and Great Britain Pounds are considered to be long-term in nature.

Currently, the PRC government imposes control over foreign currencies. The exchanges of China Renminbi for foreign currencies must be conducted through the People's Bank of China or other authorised financial institutions. The authorisation for exchanges at the People's Bank of China or other authorised financial institutions is granted reasons including the purchase of imported materials and remittance of earnings, but there is no guarantee that such authorisation is always granted.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a 5% (2020: 5%) strengthening in the relevant foreign currencies against the functional currency of each of the Group's entity, with all other variables held constant.

| | Group | |
|-----------------------------------|-----------------------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| | Decrease in loss before tax | |
| <i>Impact on loss before tax:</i> | | |
| United States Dollars | 495 | 526 |

The opposite applies if the relevant foreign currencies were to weaken by 5% (2020: 5%) against the functional currency of each entity within the Group.

The Company's monetary assets and monetary liabilities are denominated in its functional currency, Singapore Dollars. Accordingly, no foreign currency sensitivity analysis is presented.

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bank overdrafts and bank borrowings.

Interest rate sensitivity

For the financial year ended 31 March 2021, at the end of the reporting period, if interest rates had been 50 basis points higher or lower with all other variables held constant, the Group's loss before tax would have been \$355,000 higher/lower (2020: \$348,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank loan, whose interest expenses are capitalised in development property until end of December 2019. Capitalisation of interest expenses have ceased as the development property at Dalvey Road was made ready for sale in January 2020 (Note 15).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of trade and other receivables, other current assets excluding prepayments, notes receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group adopts a policy of only dealing with creditworthy counterparties based on their trading and payment history as well as such commercial information which the Group obtains from time to time. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Credit risk (cont'd)*

(i) Financial assets at amortised cost

There are no significant changes to estimation techniques or assumptions made during the reporting period.

| | Group | Company |
|---|--|--|
| | Financial assets at amortised cost \$'000 | Financial assets at amortised cost \$'000 |
| As at 1 April 2019 | 1,513 | 149 |
| Loss allowance measured during the financial year | | |
| 12-month ECL | – | – |
| Lifetime ECL | – | – |
| As at 31 March 2020 | 1,513 | 149 |
| Loss allowance measured during the financial year | | |
| 12-month ECL | (905) | (58) |
| Lifetime ECL | – | – |
| As at 31 March 2021 | 608 | 91 |

The gross carrying amount of financial assets at amortised cost is as follows:

| | | Group | | Company | |
|--------------|-------------------|---------------|---------------|----------------|---------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| 12-month ECL | Other receivables | 1,894 | 2,689 | 2,094 | 1,781 |
| Lifetime ECL | Trade receivables | 433 | 784 | – | – |
| | Total | 2,327 | 3,473 | 2,094 | 1,781 |

The gross carrying amount of trade and other receivables of the Group are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Credit risk (cont'd)*

(ii) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on similar loss pattern. The expected credit losses incorporate forward looking information based on specific economic data. The loss allowance provision as at 31 March is determined as below.

Singapore

| | Group | | Company | |
|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| | Gross carrying amount | Loss allowance provision | Gross carrying amount | Loss allowance provision |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At 31 March 2021 | | | | |
| Up to 30 days | - | - | - | - |
| 31 to 60 days | - | - | - | - |
| 61 to 90 days | - | - | - | - |
| 91 to 120 days | - | - | - | - |
| More than 120 days | 164 | 155 | - | - |
| | 164 | 155 | - | - |
| At 31 March 2020 | | | | |
| Up to 30 days | 31 | - | - | - |
| 31 to 60 days | - | - | - | - |
| 61 to 90 days | - | - | - | - |
| 91 to 120 days | - | - | - | - |
| More than 120 days | 155 | 155 | - | - |
| | 186 | 155 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Credit risk (cont'd)*

(ii) Trade receivables

Indonesia

| | Group | | Company | |
|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| | Gross carrying amount | Loss allowance provision | Gross carrying amount | Loss allowance provision |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At 31 March 2021 | | | | |
| Up to 30 days | 16 | - | - | - |
| 31 to 60 days | - | - | - | - |
| 61 to 90 days | - | - | - | - |
| 91 to 120 days | - | - | - | - |
| More than 120 days | 87 | - | - | - |
| | 103 | - | - | - |
| At 31 March 2020 | | | | |
| Up to 30 days | 4 | - | - | - |
| 31 to 60 days | 12 | - | - | - |
| 61 to 90 days | 65 | - | - | - |
| 91 to 120 days | 1 | - | - | - |
| More than 120 days | 73 | - | - | - |
| | 155 | - | - | - |

The receivables in Indonesia which are aged past 120 days mostly pertain to development property sales. The credit risk is mitigated by the underlying properties of which the receivables are collateralised upon.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Credit risk (cont'd)*

(ii) Trade receivables

Others

| | Group | | Company | |
|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| | Gross carrying amount | Loss allowance provision | Gross carrying amount | Loss allowance provision |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At 31 March 2021 | | | | |
| Up to 30 days | 162 | - | - | - |
| 31 to 60 days | - | - | - | - |
| 61 to 90 days | - | - | - | - |
| 91 to 120 days | - | - | - | - |
| More than 120 days | 4 | - | - | - |
| | 166 | - | - | - |
| At 31 March 2020 | | | | |
| Up to 30 days | 439 | - | - | - |
| 31 to 60 days | - | - | - | - |
| 61 to 90 days | - | - | - | - |
| 91 to 120 days | - | - | - | - |
| More than 120 days | 4 | - | - | - |
| | 443 | - | - | - |

Information regarding loss allowance movement of trade receivables are disclosed in Note 17.

(ii) Financial guarantees

The maximum amount the Company could be forced to settle under the financial guarantee contracts in Note 32 to the financial statements, if the full guaranteed amount is claimed by the counterparty to the guarantees, is \$43,951,000 (2020: \$41,850,000). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement.

The Group computes expected credit loss for financial guarantees using the probability of default approach. In determining ECL for financial guarantees, the Group consider events such as breach of loan covenants, default on instalment payments and determined that significant increase in credit risk occur when there is changes in the risk that the specified debtor will default on the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Credit risk (cont'd)*

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group does not apply hedge accounting.

Exposure to credit risk

The Group and Company have no concentration of credit risk other than the amounts due from subsidiaries as disclosed in Note 17 to the financial statements. The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's and Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risk on trade and other receivables are disclosed in Note 17 to the financial statements.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

| | Group | | | |
|---|---------------|-------------------|---------------|-------------------|
| | 2021 | | 2020 | |
| | \$'000 | % of total | \$'000 | % of total |
| By country: | | | | |
| Singapore | 169 | 61 | 107 | 17 |
| Indonesia | 104 | 37 | 155 | 25 |
| Other countries | 5 | 2 | 367 | 58 |
| | 278 | 100 | 629 | 100 |
| By industry sector: | | | | |
| Real estate development and investment | 133 | 48 | 195 | 31 |
| Real estate origination and management services | 5 | 2 | 396 | 63 |
| Hospitality | 140 | 50 | 38 | 6 |
| | 278 | 100 | 629 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Credit risk (cont'd)*

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 to the financial statements.

(d) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The ability of the Group and Company to pay its debts as and when they fall due are dependent on the factors as detailed in Note 2.1 under the header, Going Concern Assumption. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the end of the reporting period, approximately 34% (2020: 32%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| | Group | | | |
|---|---------------------------------|-----------------------------|------------------|--------|
| | On demand or within one year | Within two to five years | After five years | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 31 March 2021 | | | | |
| Financial assets: | | | | |
| Trade and other receivables | 1,719 | – | – | 1,719 |
| Other current assets, excluding prepayments | 359 | – | – | 359 |
| Cash and bank balances | 1,783 | – | – | 1,783 |
| Total undiscounted financial assets | 3,861 | – | – | 3,861 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities (cont'd)

| | Group | | | |
|---|---------------------------------|-----------------------------|------------------|-----------|
| | On demand or within one year | Within two to five years | After five years | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 31 March 2021 | | | | |
| Financial liabilities: | | | | |
| Trade and other payables, excluding non-refundable deposits | 15,737 | – | – | 15,737 |
| Bank borrowings | 4,645 | 79,579 | – | 84,224 |
| Finance leases | 39 | 82 | – | 121 |
| Loans from shareholders | 42,883 | – | – | 42,883 |
| Loan from non-controlling interest | – | 12,028 | – | 12,028 |
| Total undiscounted financial liabilities | 63,304 | 91,689 | – | 154,993 |
| Total net undiscounted financial liabilities | (59,443) | (91,689) | – | (151,132) |
| 31 March 2020 | | | | |
| Financial assets: | | | | |
| Trade and other receivables | 1,960 | – | – | 1,960 |
| Other current assets, excluding prepayments | 244 | – | – | 244 |
| Cash and bank balances | 3,139 | – | – | 3,139 |
| Total undiscounted financial assets | 5,343 | – | – | 5,343 |
| Financial liabilities: | | | | |
| Trade and other payables, excluding non-refundable deposits | 11,685 | – | – | 11,685 |
| Bank borrowings | 2,995 | 81,986 | – | 84,981 |
| Finance leases | 39 | 121 | – | 160 |
| Loans from shareholders | 40,497 | – | – | 40,497 |
| Loan from non-controlling interest | – | 12,028 | – | 12,028 |
| Total undiscounted financial liabilities | 55,216 | 94,135 | – | 149,351 |
| Total net undiscounted financial liabilities | (49,873) | (94,135) | – | (144,008) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities (cont'd)

| | Company | | | |
|---|------------------------------------|-----------------------------|------------------|----------|
| | On demand or within one year | Within two to five years | After five years | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 31 March 2021 | | | | |
| Financial assets: | | | | |
| Trade and other receivables | 2,003 | – | – | 2,003 |
| Cash and bank balances | 89 | – | – | 89 |
| Total undiscounted financial assets | 2,092 | – | – | 2,092 |
| Financial liabilities: | | | | |
| Trade and other payables, excluding non-refundable deposits | 4,661 | – | – | 4,661 |
| Loans from shareholders | 42,883 | – | – | 42,883 |
| Total undiscounted financial liabilities | 47,544 | – | – | 47,544 |
| Total net undiscounted financial liabilities | (45,452) | – | – | (45,452) |
| 31 March 2020 | | | | |
| Financial assets: | | | | |
| Trade and other receivables | 1,632 | – | – | 1,632 |
| Cash and bank balances | 11 | – | – | 11 |
| Total undiscounted financial assets | 1,643 | – | – | 1,643 |
| Financial liabilities: | | | | |
| Trade and other payables, excluding non-refundable deposits | 2,021 | – | – | 2,021 |
| Loans from shareholders | 40,497 | – | – | 40,497 |
| Total undiscounted financial liabilities | 42,518 | – | – | 42,518 |
| Total net undiscounted financial liabilities | (40,875) | – | – | (40,875) |

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

| Company | 2021 | | | | 2020 | | | |
|----------------------|------------------|-------------------|-----------------|--------|------------------|-------------------|-----------------|--------|
| | One year or less | One to five years | Over five years | Total | One year or less | One to five years | Over Five years | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial guarantees | – | 43,951 | – | 43,951 | – | 41,850 | – | 41,850 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

37. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2021 and 31 March 2020.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total capital. The Group's policy is to keep the gearing ratio below 1.50. The Group's total borrowings includes bank overdrafts and bank borrowings, finance leases, loan from a shareholder and loan from non-controlling interests. Capital includes equity attributable to the owners of the Company.

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Bank borrowings (secured) (Note 21) | 81,102 | 79,075 |
| Finance leases (Note 22) | 113 | 146 |
| Loans from shareholders (Note 25) | 41,301 | 38,900 |
| Loan from a non-controlling interest (Note 26) | 11,292 | 10,941 |
| Total borrowings | 133,808 | 129,062 |
| Equity attributable to the owners of the Company | 117,042 | 122,100 |
| Gearing ratio | 1.14 | 1.06 |

38. EVENTS AFTER REPORTING PERIOD

On 22 July 2021, the Company announced that pursuant to a transfer of shares within the Group's subsidiaries, KOP Properties Operation and Management (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, had transferred its 55% equity interest in Shanghai Jiayi Operation and Management Co., Ltd. to another wholly-owned subsidiary of the Company, KOP Winterland Operation and Management (Shanghai) Co., Ltd..

On 1 June 2021, the 60%-owned subsidiary of the Company, Dalvey Breeze Development Pte. Ltd., entered into an option to purchase to sell a unit of property in its development known as "Dalvey Haus" to a related party.

On 26 August 2021, the Company announced that its wholly-owned subsidiary, KOP Properties Operation and Management (Shanghai) Co., Ltd. has been struck off and approved by 上海黄浦区市场监督管理局.

The above events are not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ending 31 March 2022.

39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 13 October 2021.

STATISTICS OF SHAREHOLDING

As at 6 October 2021

| | | |
|---|---|--------------------|
| Class of Shares | : | Ordinary share |
| No. of Shares (excluding treasury shares and subsidiary holdings) | : | 1,107,962,214 |
| Voting rights | : | One vote per share |
| No. of treasury shares and percentage | : | Nil |
| No. of subsidiary holdings held and percentage | : | Nil |

DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|-----------------------|---------------------|---------------|----------------------|---------------|
| 1 - 99 | 4 | 0.32 | 74 | 0.00 |
| 100 - 1,000 | 315 | 25.47 | 186,075 | 0.02 |
| 1,001 - 10,000 | 254 | 20.53 | 1,604,800 | 0.14 |
| 10,001 - 1,000,000 | 616 | 49.80 | 81,349,505 | 7.34 |
| 1,000,001 AND ABOVE | 48 | 3.88 | 1,024,821,760 | 92.50 |
| TOTAL | 1,237 | 100.00 | 1,107,962,214 | 100.00 |

TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|--------------|---|--------------------|--------------|
| 1 | CITIBANK NOMINEES SINGAPORE PTE LTD | 369,715,542 | 33.37 |
| 2 | GOI SENG HUI | 234,595,043 | 21.17 |
| 3 | HONG LEONG FINANCE NOMINEES PTE LTD | 100,000,000 | 9.03 |
| 4 | OCBC SECURITIES PRIVATE LIMITED | 78,288,015 | 7.07 |
| 5 | UOB KAY HIAN PRIVATE LIMITED | 51,809,400 | 4.68 |
| 6 | DBS NOMINEES (PRIVATE) LIMITED | 45,004,038 | 4.06 |
| 7 | LOW KHENG HONG @ LAU KHENG HONG | 14,150,262 | 1.28 |
| 8 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 11,521,200 | 1.04 |
| 9 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 10,004,869 | 0.90 |
| 10 | RAFFLES NOMINEES (PTE.) LIMITED | 8,224,900 | 0.74 |
| 11 | ONG SIEW TING GERALDINE | 7,000,000 | 0.63 |
| 12 | TAN KIM SENG | 6,628,900 | 0.60 |
| 13 | NAM LEONG CO PTE LTD | 5,510,000 | 0.50 |
| 14 | CHUA KENG LOY | 5,200,000 | 0.47 |
| 15 | HSBC (SINGAPORE) NOMINEES PTE LTD | 5,065,600 | 0.46 |
| 16 | TAY MING HIN | 4,878,100 | 0.44 |
| 17 | PHILLIP SECURITIES PTE LTD | 4,742,775 | 0.43 |
| 18 | GOH MIA SOONG BENSON | 3,957,800 | 0.36 |
| 19 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 3,670,516 | 0.33 |
| 20 | KHOO POH CHYE | 3,215,000 | 0.29 |
| TOTAL | | 973,181,960 | 87.85 |

STATISTICS OF SHAREHOLDING

As at 6 October 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | | Deemed Interest | |
|------------------------------------|------------------|-------|------------------|-------|
| | Number of Shares | % | Number of Shares | % |
| KOP Group Pte. Ltd. ⁽¹⁾ | – | – | 428,571,428 | 38.68 |
| Ong Chih Ching ⁽²⁾ | 1,569,100 | 0.14 | 495,442,143 | 44.72 |
| Leny Suparman ⁽³⁾ | 1,800,000 | 0.16 | 459,257,142 | 41.45 |
| Goi Seng Hui | 234,595,043 | 21.17 | – | – |

Notes:

- (1) KOP Group Pte. Ltd. is deemed to be interested in (i) 100,000,000 ordinary shares held through Hong Leong Finance Nominees Pte. Ltd., and (ii) 328,571,428 ordinary shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..
- (2) Ms. Ong Chih Ching is deemed to be interested in (i) 428,571,428 ordinary shares held through KOP Group Pte. Ltd. by virtue of Section 7 of the Singapore Companies Act, Chapter 50, and (ii) 66,870,715 ordinary shares held through OCBC Securities Private Limited.
- (3) Ms. Leny Suparman is deemed to be interested in (i) 428,571,428 ordinary shares held through KOP Group Pte. Ltd. by virtue of Section 7 of the Singapore Companies Act, Chapter 50, and (ii) 30,685,714 ordinary shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..

SHAREHOLDING IN PUBLIC'S HANDS

As at 6 October 2021, 27.07% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual – Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeen Annual General Meeting (“AGM”) of KOP Limited (“Company”) will be convened and held by way of electronic means, on Friday, 29 October 2021 at 2.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2021 together with the Auditors’ Report thereon.

Resolution 1
2. To approve the payment of Directors’ fees of S\$157,000 for the financial year ending 31 March 2022, to be paid quarterly in arrears. (2021: S\$194,000)

Resolution 2
- 3(a). To re-elect Mr. Ng Hin Lee retiring pursuant to Regulation 112 of the Constitution of the Company, and who, being eligible, offered himself for re-election, as a Director.

[See Explanatory Note (i)] **Resolution 3**
- 3(b). To note the retirement of Mr. Lee Kiam Hwee pursuant to Regulation 112 of the Constitution of the Company. Mr. Lee Kiam Hwee has indicated that he does not wish to seek re-election.
4. To approve Dr. Ho Kah Leong @ Ho Kah Leung’s (“Dr. Ho”) continued appointment as an Independent Director in accordance with Rule 406(3)(d)(iii) of the Listing Manual Section B: Rules of Catalist (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), and such Resolution shall remain in force until the earlier of the following (i) retirement or resignation of Dr. Ho as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

[See Explanatory Note (ii)] **Resolution 4**
5. That subject to and contingent upon passing of Ordinary Resolution 4 above, shareholders (excluding the Directors and the Chief Executive Officer (“CEO”) of the Company, and their respective associates (as defined in the Catalist Rules) who shall abstain from voting for Resolution 5) to approve Dr. Ho’s continued appointment as an Independent Director in accordance with Rule 406(3)(d)(iii) of the Catalist Rules, and such Resolution shall remain in force until the earlier of the following: (i) retirement or resignation of Dr. Ho as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

[See Explanatory Note (ii)] **Resolution 5**
6. To re-appoint Messrs UHY Lee Seng Chan & Co as the Auditors of the Company and to authorise the Directors to fix their remuneration.

Resolution 6
7. To transact any other ordinary business which may be properly transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 (“Companies Act”) and Rule 806 of the Listing Manual – Section B: Rules of the Catalist (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”)**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors while this Resolution was in force,

(“Share Issue Mandate”)

provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) of the Catalist Rules are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)]

Resolution 7

9. Renewal of the Share Purchase Mandate

That:

- (a) for the purposes of Section 76C and 76E of the Companies Act, the exercise by the Directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchase(s) (each a "**Market Purchase**"), transacted on Catalist Board ("**Catalist**") of the SGX-ST; and/or
 - (ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on Catalist in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Catalist Rules and the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next AGM of the Company is held or required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
 - (iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by Shareholders in general meeting;
- (c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on Catalist immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"**Date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Percentage**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

NOTICE OF ANNUAL GENERAL MEETING

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase of a Share, 105% of the Average Closing Price of the Shares; and
 - (ii) in the case of an Off-Market Purchase of a Share, 120% of the Average Closing Price of the Shares;
- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iv)]

Resolution 8

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 13 October 2021

Explanatory Notes:

- (i) Mr. Ng Hin Lee will, upon re-election as a Director of the Company, remain as member of the Nominating Committee and Remuneration Committee of the Company, and will be re-designated as Lead Independent Director and will be appointed as Chairman of the Audit and Risk Committee in place of Mr Lee Kiam Wee retirement (please see Ordinary Resolution 3(b)). There are no relationships (including family relationships) between Mr. Ng Hin Lee and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr. Ng Hin Lee to be independent for the purposes of Rule 704(7) of the Catalist Rules.

Please refer to page 29-33 of the annual report for the detailed information for Mr. Ng Hin Lee required pursuant to Rule 720(5) of the Catalist Rules.

- (ii) Ordinary Resolution 4 and 5 are to seek approval of Dr. Ho, who has served as an Independent Director for an aggregate period of more than nine (9) years, to continue in office as an Independent Director of the Company to a two-tier voting in accordance with Rule 406(3)(d)(iii) of the Catalist Rules, and the authority conferred by Ordinary Resolutions 4 and 5 shall continue in force until the earlier of the following: (i) the retirement or resignation of Dr. Ho as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolutions.

For the purpose of Ordinary Resolution 5, in accordance with Rule 406(3)(d)(iii) of the Catalist Rules, the Directors and the CEO of the Company, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given.

The Nominating Committee and the Board of the Company have evaluated and determined that Dr. Ho remains objective and has the ability to exercise objective judgement on corporate matters independently.

Should the Ordinary Resolutions 4 and 5 not passed, Dr. Ho will cease to be considered independent and will be re-designated as Non-Executive Director of the Company and the Company shall endeavour to search for suitable candidate and fill in the vacancies of the Independent Director to fulfil the requirements of the Catalist Rules and the Code of Corporate Governance.

- (iii) Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issues, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

- (iv) Ordinary Resolution 8 above, if passed, will empower the Directors of the Company effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in paragraph 2.8.3 to the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 March 2021 are set out in greater detail in the Appendix.

Notes relating to measures to minimise the transmission risks of COVID-19:

General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the AGM will be convened and held by way of electronic means and shareholders will not be allowed to attend the AGM in person. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's corporate website <http://www.koplimited.com> and the following URL: <https://conveneagm.sg/koplimited>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:
 - (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in paragraphs 3 to 7 below;
 - (b) submitting questions before the AGM. Please refer to paragraphs 8 to 10 below for further details; and
 - (c) voting by proxy at the AGM. Please refer to paragraphs 11 to 17 below for further details.

Participation in the AGM via live webcast or live audio feed

3. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a live webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 2.30 p.m. on 26 October 2021, being seventy-two (72) hours before the time appointed for the AGM ("**Registration Deadline**"), at the following URL: <https://conveneagm.sg/koplimited> ("**KOP AGM Website**"), to create an account.
4. Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.
5. Shareholders who have registered by the Registration Deadline in accordance with paragraph 3 above but do not receive an email response by 9.00 a.m. on 28 October 2021 may contact the Company's Share Registrar by 5.00 p.m. on 28 October 2021 for assistance at the following email address: shareregistry@incorp.asia, with the following details included: (1) the shareholder's full name; (2) his/her/its identification/company registration number; and (3) the manner in which the shares are held (e.g. via The Central Depository (Pte) Limited ("**CDP**"), Central Provident Fund ("**CPF**") Investment Scheme, or Supplementary Retirement Scheme ("**SRS**").
6. Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must **also** contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.
7. Corporate shareholders must also submit the Corporate Representative Certificate to the Company's Share Registrar at shareregistry@incorp.asia, in addition to the registration procedures as set out in paragraph 3 above, by the Registration Deadline, for verification purpose.

NOTICE OF ANNUAL GENERAL MEETING

Submission of questions prior to the AGM

8. A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of the AGM.
9. To do so, all questions must be submitted no later than the Registration Deadline through any one of the following means:
 - (a) via the KOP AGM Website; or
 - (b) in physical copy by depositing the same at the Company's registered office of the Company at 316 Tanglin Road, #01-01, Phoenix Park, Singapore 247978.
10. If the questions are deposited in physical copy at the Company's registered office and not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

Voting by proxy

11. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via the KOP AGM Website, the Company's corporate website at the URL: <http://www.koplimited.com>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
12. Shareholders (including Relevant Intermediary*) who wish to vote on the resolutions at the AGM must submit a proxy form to appoint the Chairman of the AGM as their proxy to do so on their behalf. In appointing the Chairman of the AGM as proxy, shareholders (whether individuals or corporates) must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
13. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
 - (a) in the electronic format accessible on the KOP AGM Website;
 - (b) if submitted by post, be lodged at the Company's registered office of the Company at 316 Tanglin Road, #01-01, Phoenix Park, Singapore 247978; or
 - (c) if submitted electronically, be submitted via email to the Company's Share Registrar at shareregistry@incorp.asia,in either case **by no later than the Registration Deadline**.

In the case of submission of the Proxy Form other than via the KOP AGM Website, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically either through the KOP AGM Website or via email to the Company's Share Registrar.

NOTICE OF ANNUAL GENERAL MEETING

14. In the case of submission of the Proxy Form other than via the KOP AGM Website, the instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation. Where an instrument appointing Chairman of the AGM as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
15. An investor who holds shares under the CPF Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) and wishes to vote, should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the AGM as their proxy, at least 7 working days before the AGM.
16. A Depositor’s name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote.
17. **Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

*“Relevant Intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as the proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

APPENDIX DATED 13 OCTOBER 2021

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

This Appendix is circulated to the shareholders (the “**Shareholders**”) of KOP Limited (the “**Company**”) together with the Company’s Annual Report (as defined herein). Its purpose is to provide the Shareholders with information relating to and explaining to Shareholders the rationale for the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the Annual General Meeting of the Company to be held on **29 October 2021 at 2.30 p.m. by electronic means** (the “**2021 AGM**”). The Notice of the 2021 AGM and the accompanying Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix to the purchaser, transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, RHT Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Appendix.

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

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

KOP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200415164G)

APPENDIX TO THE ANNUAL REPORT

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

For the purposes of this Appendix, the following definitions apply throughout where the context admits:

| | | |
|---------------------------------------|---|--|
| <i>"Appendix"</i> | : | This appendix in relation to the proposed renewal of the Share Purchase Mandate |
| <i>"AGM"</i> | : | The annual general meeting of the Company to be convened on 29 October 2021 |
| <i>"Annual Report"</i> | : | The annual report of the Company for financial year ended 31 March 2021 |
| <i>"Board"</i> | : | The Board of Directors of the Company |
| <i>"Catalist"</i> | : | The sponsor-supervised listing platform of the SGX-ST |
| <i>"Catalist Rules"</i> | : | The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time |
| <i>"CDP"</i> | : | The Central Depository (Pte) Limited |
| <i>"Company"</i> | : | KOP Limited |
| <i>"Companies Act"</i> | : | The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time |
| <i>"Constitution"</i> | : | The existing constitution of the Company, as may be amended or modified from time to time |
| <i>"Controlling Shareholder"</i> | : | <p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or</p> <p>(b) in fact exercises control over the Company</p> |
| <i>"Directors"</i> | : | The directors of the Company as at the date of this Appendix |
| <i>"EPS"</i> | : | Earnings per Share |
| <i>"Group"</i> | : | The Company and its subsidiaries |
| <i>"Latest Practicable Date"</i> | : | 6 October 2021, being the latest practicable date prior to the printing of this Appendix |
| <i>"Market Day"</i> | : | A day on which the SGX-ST is open for trading in securities |
| <i>"NTA"</i> | : | Net tangible assets |
| <i>"Personal Data Protection Act"</i> | : | Personal Data Protection Act 2012 (No. 26 of 2012) as may be amended or modified from time to time |
| <i>"Regulation(s)"</i> | : | Regulation(s) of the Constitution |
| <i>"ROE"</i> | : | Return on equity |

DEFINITIONS

| | | |
|-------------------------------------|---|--|
| <i>“Securities Account”</i> | : | The securities accounts maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent |
| <i>“Securities and Futures Act”</i> | : | Securities and Futures Act, Chapter 289 of Singapore, as may be amended or modified from time to time |
| <i>“SGX-ST”</i> | : | Singapore Exchange Securities Trading Limited |
| <i>“Share Purchase”</i> | : | The purchase or acquisition by the Company of its own Shares pursuant to the Share Purchase Mandate |
| <i>“Share Purchase Mandate”</i> | : | The general mandate to enable the Company to purchase or otherwise acquire its issued Shares |
| <i>“Shareholders”</i> | : | Registered holders of Shares except that where the registered holder of CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares |
| <i>“Shares”</i> | : | Ordinary shares in the capital of the Company |
| <i>“Subsidiary Holdings”</i> | : | Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act |
| <i>“Substantial Shareholder”</i> | : | A person who has an interest or interests in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company |
| <i>“Take-over Code”</i> | : | The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time |
| <i>“S\$” and “cents”</i> | : | Singapore dollars and cents, respectively |
| <i>“%”</i> | : | percentage or per centum |

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act. The term **“treasury shares”** shall have the meaning ascribed to it in the Companies Act. For the purpose of the Catalist Rules, treasury shares will be excluded from references to “issued share capital”, and “equity securities”, and for the calculation of market capitalisation and public float where referred to in the Catalist Rules.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and *vice versa*. References to persons shall, where applicable, include corporations and limited liability partnerships.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, Securities and Futures Act, the Catalist Rules, the Take-over Code or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act, Securities and Futures Act, the Catalist Rules, the Take-over Code or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Appendix is made by reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding. Accordingly, figure shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

KOP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200415164G)

Directors:

Ms Ong Chih Ching (*Executive Chairman and Executive Director*)
Ms Leny Suparman (*Group Chief Executive Officer and Executive Director*)
Ms Judith Goi Lang Peng (*Non-Executive Director*)
Mr Lee Kiam Hwee (*Lead Independent Director*)
Dr Ho Kah Leong @ Ho Kah Leung (*Independent Director*)
Mrs Yu-Foo Yee Shoon (*Independent Director*)
Mr Ng Hin Lee (*Independent Director*)

Registered Office:

316 Tanglin Road
#01-01
Phoenix Park
Singapore 247978

13 October 2021

To: The Shareholders of KOP Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

- 1.1 The Directors refer to the Notice of AGM dated 13 October 2021 issued by the Company for the purpose of convening the AGM to be held on 29 October 2021 by electronic means at 2.30 p.m. to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate.
- 1.2 The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate to be tabled at the AGM as set out under resolution 8 under "Special Business" in the Notice of AGM.
- 1.3 The Sponsor and the SGX-ST assume no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.
- 1.4 This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.

2. THE SHARE PURCHASE MANDATE

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company's constitution. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Catalist Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares.

Regulation 20 expressly permits the Company to purchase its issued Shares. However, any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase or acquisition.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain the prior specific approval of its shareholders to do so at a general meeting.

LETTER TO SHAREHOLDERS

At the annual general meeting of the Company convened on 28 October 2020, Shareholders had approved the renewal of the Share Purchase Mandate. The Share Purchase Mandate will expire on the date of the forthcoming AGM or the date by which the AGM is required by law to be held, whichever is earlier. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM.

If Shareholders approve the renewal of the Share Purchase Mandate, the Share Purchase Mandate will take effect from the date of the AGM and continue in force until the date on which the next annual general meeting of the Company is held or required by law to be held, unless prior thereto, Share Purchases are carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by Shareholders in general meeting. Subject to its continued relevance to the Company, the Share Purchase Mandate may be put to Shareholders for renewal at each subsequent annual general meetings of the Company.

2.2 Rationale for the Share Purchase Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares, is as follows:

- (a) in line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (b) in managing its business, the Group strives to increase Shareholders' value by improving, *inter alia*, the ROE and a share purchase is one way by which the ROE may be enhanced;
- (c) Share purchases may help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence;
- (d) all things being equal, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will result in a lower number of issued Shares being used for the purpose of computing EPS, if the purchased Shares are subsequently cancelled. Therefore, Share Purchases will improve the Company's EPS, which in turn is expected to have a positive impact on the fundamental value of the Shares; and
- (e) the Share Purchase Mandate will provide the Company with the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole.

2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed ten per cent (10%) of the total number of issued Shares of the Company (excluding treasury shares and Subsidiary Holdings) as at the date on which the resolution authorising the Share Purchase Mandate is passed.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the Share Purchase Mandate is approved, up to the earliest of:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;

LETTER TO SHAREHOLDERS

- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting.

The Share Purchase Mandate may be renewed at each annual general meeting or other general meetings of the Company.

2.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchase(s) ("**Market Purchase**"), transacted on Catalist through the ready market or the special trading counter on SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme as defined in Section 76C of the Companies Act and the Catalist Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (b) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Share Purchases;
- (4) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the Share Purchases, if made, could affect the Company's equity securities on Catalist;
- (6) details of any Share Purchases made by the Company in the previous 12 months (whether Market Purchase or Off-Market Purchase), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

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2.3.4 Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase, or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made; and

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of Purchased Shares**

Pursuant to Regulation 20, Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate, unless held as treasury shares to the extent permitted under the Companies Act, will be deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation). The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.5 **Treasury Shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised in Paragraphs 2.5.1 to 2.5.3 below.

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury shares into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before, as the case may be.

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2.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares and/or Subsidiary Holdings. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares and/or Subsidiary Holdings, the purpose of such sale, transfer, cancellation and/or use of such treasury shares and/or Subsidiary Holdings, the number of treasury shares and/or Subsidiary Holdings which have been sold, transferred, cancelled and/or used, the number of treasury shares and/or Subsidiary Holdings before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares and/or Subsidiary Holdings against the total number of issued shares (of the same class as the treasury shares and/or Subsidiary Holdings) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares and/or Subsidiary Holdings if they are used for a sale or transfer, or cancelled.

2.6 **Source of Funds**

The Company intends to use internal sources of funds, external borrowings or a combination of internal resources and external borrowings to finance the purchases or acquisition of the Shares.

The Directors do not propose to exercise the Share Purchase Mandate in such a manner and to such an extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

2.7 **Solvency Test**

The Companies Act permits any purchase or acquisition of shares to be made out of the company's capital or profits so long as the company is solvent. For this purpose, a company is solvent if at the date of the payment, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if —
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

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2.8 Financial Effects

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Purchase Mandate on the Company and the Group will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effect on the audited financial statements of the Company and the Group will depend, *inter alia*, on the factors set out below:

2.8.1 Purchase or Acquisition out of Profits and/or Capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

When Shares are purchased or acquired, and cancelled, the Company shall reduce the amount of its profits and share capital proportionately where the Shares were purchased or acquired out of both the profits and the capital of the Company, by the total amount of the consideration paid by the Company for the Shares cancelled.

2.8.2 Number of Shares Acquired or Purchased

Based on 1,107,962,214 issued Shares as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will entail a purchase or acquisition of 110,796,221 Shares.

2.8.3 Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchase by the Company and assuming that the Company purchases or acquires 110,796,221 Shares at the Maximum Price of S\$0.064 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 110,796,221 Shares is approximately S\$7.1 million (excluding brokerage, commission, applicable goods and services tax and other related expenses).

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 110,796,221 Shares at the Maximum Price of S\$0.073 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 110,796,221 Shares is approximately S\$8.1 million (excluding brokerage, commission, applicable goods and services tax and other related expenses).

2.8.4 Illustrative Financial Effects

For illustrative purposes only, based on the assumptions set out above and the audited financial statements of the Company and the Group for the financial year ended 31 March 2021, and assuming that (i) Share Purchases are made to the extent aforesaid; (ii) such Share Purchases are funded wholly by internal resources within the Group; and (iii) the Company had purchased 110,796,221 Shares on 31 March 2021 by way of:-

- (a) Share Purchases made entirely out of capital and cancelled;
- (b) Share Purchases made entirely out of profits and cancelled;
- (c) Share Purchases made entirely out of capital and held as treasury shares; and
- (d) Share Purchases made entirely out of profits and held as treasury shares,

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the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and Group for the financial year ended 31 March 2021 would have been as follows:

(A) Purchases made entirely out of capital and cancelled

| | GROUP | | | COMPANY | | |
|---|-----------------------|-----------------------|---------------------------|-----------------------|------------------------|---------------------------|
| | Before Share Purchase | After Market Purchase | After Off-Market Purchase | Before Share Purchase | After Market Purchase | After Off-Market Purchase |
| As at 31 March 2021 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Share capital | 78,940 | 71,849 | 70,852 | 294,506 | 287,415 | 286,418 |
| Reserves | 38,102 | 38,102 | 38,102 | (194,602) | (194,602) | (194,602) |
| Total Shareholders' equity ⁽¹⁾ | 117,042 | 109,951 | 108,954 | 99,904 | 92,813 | 91,816 |
| NTA ⁽²⁾ | 119,443 | 112,352 | 111,355 | 99,904 | 92,813 | 91,816 |
| Current assets | 131,818 | 124,727 | 123,730 | 2,121 | (4,970) ⁽⁶⁾ | (5,967) ⁽⁶⁾ |
| Current liabilities | 65,207 | 65,207 | 65,207 | 45,962 | 45,962 | 45,962 |
| Total borrowings | 133,808 | 133,808 | 133,808 | 41,301 | 41,301 | 41,301 |
| Net loss attributable to Shareholders | (9,715) | (9,715) | (9,715) | (11,701) | (11,701) | (11,701) |
| Number of Shares (in '000) | | | | | | |
| Issued and paid-up capital | 1,107,962 | 997,166 | 997,166 | 1,107,962 | 997,166 | 997,166 |
| Financial Ratios | | | | | | |
| NTA per Share (cents) ⁽³⁾ | 10.78 | 11.27 | 11.17 | 9.02 | 9.31 | 9.21 |
| Gearing ratio (times) ⁽⁴⁾ | 1.14 | 1.22 | 1.23 | 0.41 | 0.44 | 0.45 |
| Current ratio (times) ⁽⁵⁾ | 2.02 | 1.91 | 1.90 | 0.05 | (0.11) ⁽⁶⁾ | (0.13) ⁽⁶⁾ |
| EPS (cents) | (0.88) | (0.97) | (0.97) | (1.06) | (1.17) | (1.17) |

LETTER TO SHAREHOLDERS

(B) Purchases made entirely out of profits and cancelled

| | GROUP | | | COMPANY | | |
|---|-----------------------|-----------------------|---------------------------|-----------------------|------------------------|---------------------------|
| | Before Share Purchase | After Market Purchase | After Off-Market Purchase | Before Share Purchase | After Market Purchase | After Off-Market Purchase |
| As at 31 March 2021 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Share capital | 78,940 | 78,940 | 78,940 | 294,506 | 294,506 | 294,506 |
| Reserves | 38,102 | 31,011 | 30,014 | (194,602) | (201,693) | (202,690) |
| Total Shareholders' equity ⁽¹⁾ | 117,042 | 109,951 | 108,954 | 99,904 | 92,813 | 91,816 |
| NTA ⁽²⁾ | 119,443 | 112,352 | 111,355 | 99,904 | 92,813 | 91,816 |
| Current assets | 131,818 | 124,727 | 123,730 | 2,121 | (4,970) ⁽⁶⁾ | (5,967) ⁽⁶⁾ |
| Current liabilities | 65,207 | 65,207 | 65,207 | 45,962 | 45,962 | 45,962 |
| Total borrowings | 133,808 | 133,808 | 133,808 | 41,301 | 41,301 | 41,301 |
| Net loss attributable to Shareholders | (9,715) | (9,715) | (9,715) | (11,701) | (11,701) | (11,701) |
| Number of Shares (in '000) | | | | | | |
| Issued and paid-up capital | 1,107,962 | 997,166 | 997,166 | 1,107,962 | 997,166 | 997,166 |
| Financial Ratios | | | | | | |
| NTA per Share (cents) ⁽³⁾ | 10.78 | 11.27 | 11.17 | 9.02 | 9.31 | 9.21 |
| Gearing ratio (times) ⁽⁴⁾ | 1.14 | 1.22 | 1.23 | 0.41 | 0.44 | 0.45 |
| Current ratio (times) ⁽⁵⁾ | 2.02 | 1.91 | 1.90 | 0.05 | (0.11) ⁽⁶⁾ | (0.13) ⁽⁶⁾ |
| EPS (cents) | (0.88) | (0.97) | (0.97) | (1.06) | (1.17) | (1.17) |

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(C) Purchases made entirely out of capital and held as treasury shares

| | GROUP | | | COMPANY | | |
|---|-----------------------|-----------------------|---------------------------|-----------------------|------------------------|---------------------------|
| | Before Share Purchase | After Market Purchase | After Off-Market Purchase | Before Share Purchase | After Market Purchase | After Off-Market Purchase |
| As at 31 March 2021 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Share capital | 78,940 | 78,940 | 78,940 | 294,506 | 294,506 | 294,506 |
| Reserves | 38,102 | 38,102 | 38,102 | (194,602) | (194,602) | (194,602) |
| Treasury shares | – | (7,091) | (8,088) | – | (7,091) | (8,088) |
| Total Shareholders' equity ⁽¹⁾ | 117,042 | 109,951 | 108,954 | 99,904 | 92,813 | 91,816 |
| NTA ⁽²⁾ | 119,443 | 112,352 | 111,355 | 99,904 | 92,813 | 91,816 |
| Current assets | 131,818 | 124,727 | 123,730 | 2,121 | (4,970) ⁽⁶⁾ | (5,967) ⁽⁶⁾ |
| Current liabilities | 65,207 | 65,207 | 65,207 | 45,962 | 45,962 | 45,962 |
| Total borrowings | 133,808 | 133,808 | 133,808 | 41,301 | 41,301 | 41,301 |
| Net loss attributable to Shareholders | (9,715) | (9,715) | (9,715) | (11,701) | (11,701) | (11,701) |
| Number of Shares (in '000) | | | | | | |
| Issued and paid-up capital | 1,107,962 | 997,166 | 997,166 | 1,107,962 | 997,166 | 997,166 |
| Financial Ratios | | | | | | |
| NTA per Share (cents) ⁽³⁾ | 10.78 | 11.27 | 11.17 | 9.02 | 9.31 | 9.21 |
| Gearing ratio (times) ⁽⁴⁾ | 1.14 | 1.22 | 1.23 | 0.41 | 0.44 | 0.45 |
| Current ratio (times) ⁽⁵⁾ | 2.02 | 1.91 | 1.90 | 0.05 | (0.11) ⁽⁶⁾ | (0.13) ⁽⁶⁾ |
| EPS (cents) | (0.88) | (0.97) | (0.97) | (1.06) | (1.17) | (1.17) |

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(D) Purchases made entirely out of profits and held as treasury shares

| | GROUP | | | COMPANY | | |
|---|-----------------------|-----------------------|---------------------------|-----------------------|------------------------|---------------------------|
| | Before Share Purchase | After Market Purchase | After Off-Market Purchase | Before Share Purchase | After Market Purchase | After Off-Market Purchase |
| As at 31 March 2021 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Share capital | 78,940 | 78,940 | 78,940 | 294,506 | 294,506 | 294,506 |
| Reserves | 38,102 | 38,102 | 38,102 | (194,602) | (194,602) | (194,602) |
| Treasury shares | – | (7,091) | (8,088) | – | (7,091) | (8,088) |
| Total Shareholders' equity ⁽¹⁾ | 117,042 | 109,951 | 108,954 | 99,904 | 92,813 | 91,816 |
| NTA ⁽²⁾ | 119,443 | 112,352 | 111,355 | 99,904 | 92,813 | 91,816 |
| Current assets | 131,818 | 124,727 | 123,730 | 2,121 | (4,970) ⁽⁶⁾ | (5,967) ⁽⁶⁾ |
| Current liabilities | 65,207 | 65,207 | 65,207 | 45,962 | 45,962 | 45,962 |
| Total borrowings | 133,808 | 133,808 | 133,808 | 41,301 | 41,301 | 41,301 |
| Net loss attributable to Shareholders | (9,715) | (9,715) | (9,715) | (11,701) | (11,701) | (11,701) |
| Number of Shares (in '000) | | | | | | |
| Issued and paid-up capital | 1,107,962 | 997,166 | 997,166 | 1,107,962 | 997,166 | 997,166 |
| Financial Ratios | | | | | | |
| NTA per Share (cents) ⁽³⁾ | 10.78 | 11.27 | 11.17 | 9.02 | 9.31 | 9.21 |
| Gearing ratio (times) ⁽⁴⁾ | 1.14 | 1.22 | 1.23 | 0.41 | 0.44 | 0.45 |
| Current ratio (times) ⁽⁵⁾ | 2.02 | 1.91 | 1.90 | 0.05 | (0.11) ⁽⁶⁾ | (0.13) ⁽⁶⁾ |
| EPS (cents) | (0.88) | (0.97) | (0.97) | (1.06) | (1.17) | (1.17) |

Notes:

- Total shareholders' equity exclude non-controlling interests.
- NTA refers to net assets less intangible assets.
- NTA per Share is computed based on the NTA (i.e., net assets less intangible assets) divided by the number of Shares issued.
- Gearing ratio equals to total borrowings divided by shareholders' equity.
- Current ratio equals to current assets divided by current liabilities.
- Purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasise that they do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might result in a material adverse effect on the financial position of the Company or the Group.

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA per Share and EPS as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 31 March 2021 and is not necessarily representative of future financial performance.

LETTER TO SHAREHOLDERS

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasise that they do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or results in the Company being delisted from the SGX-ST. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution.

2.9 Catalyst Rules

The Catalyst Rules specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8D to the Catalyst Rules) must include the details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

The Catalyst Rules does not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time or times. However, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalyst Rules.

In particular, the Company would not purchase or acquire any Share through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s full-year results and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results of the financial year.

Rule 723 of the Catalyst Rules requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders. As at the Latest Practicable Date, approximately 27.07% of the issued Shares are held by public shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.10 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders’ resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. The Company shall notify ACRA within 30 days of a purchase or acquisition of Shares on Catalyst or otherwise. Such notification shall include details of the purchase, including the date of the purchase or acquisition, the total number of Shares purchased or otherwise acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company’s issued ordinary share capital before the purchase or acquisition of Shares and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profits or the capital of the Company and such other particulars as may be required by ACRA.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

LETTER TO SHAREHOLDERS

2.11 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.11.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.11.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

LETTER TO SHAREHOLDERS

2.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its issued Shares, the voting rights of such Directors and the persons acting in concert with them would increase to 30% or more, or in the event that such Directors and the persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and the persons acting in concert with them would increase by more than 1% in any period of six months. In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such a Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share Purchases by the Company.

2.11.4 Concert Party Group

Ong Chih Ching and Leny Suparman, who are Directors of the Company, and Ong Siew Ting Geraldine, Jin Lu and Low Kheng Hong @ Lau Kheng Hong are considered to be parties acting in concert with KOP Group Pte. Ltd. (collectively, the "**Concert Party Group**").

As at the Latest Practicable Date, the shareholdings of the Concert Party Group are set out below:

| Concert Party Group | Direct Interest (No. of Shares) | Deemed Interest (No. of Shares) | Total Interest ⁽⁶⁾ | |
|---------------------------------|------------------------------------|------------------------------------|-------------------------------|-------|
| | | | No. of Shares | % |
| KOP Group Pte. Ltd. | – | 428,571,428 ⁽¹⁾ | 428,571,428 | 38.68 |
| Ong Chih Ching | 1,569,100 | 495,442,143 ⁽²⁾ | 497,011,243 | 44.86 |
| Leny Suparman | 1,800,000 | 459,257,142 ⁽³⁾ | 461,057,142 | 41.61 |
| Ong Siew Ting Geraldine | 7,000,000 | – | 7,000,000 | 0.63 |
| Jin Lu | – | 20,570,938 ⁽⁴⁾ | 20,570,938 | 1.86 |
| Low Kheng Hong @ Lau Kheng Hong | 14,150,262 | 1,645,000 ⁽⁵⁾ | 15,795,262 | 1.43 |

Notes:

- (1) KOP Group Pte. Ltd. is deemed to be interested in 100,000,000 Shares held through Hong Leong Finance Nominees Pte. Ltd. and 328,571,428 Shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..
- (2) Ong Chih Ching is deemed to be interested in 428,571,428 Shares held by KOP Group Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50, and 66,870,715 Shares held through OCBC Securities Private Limited.
- (3) Leny Suparman is deemed to be interested in 428,571,428 Shares held by KOP Group Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50, and 30,685,714 Shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..
- (4) Jin Lu is deemed to be interested in 18,125,238 Shares held through DBS Nominees (Private) Limited and 2,445,700 Shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..
- (5) Low Kheng Hong @ Lau Kheng Hong is deemed to be interested in 1,645,000 Shares held through Citibank Nominees Singapore Pte. Ltd..
- (6) As a percentage of the total number of issued Shares as at the Latest Practicable Date comprising 1,107,962,214 Shares.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the Concert Party Group has an aggregate interest in 572,863,157 Shares, which is equivalent to 51.70% of the total voting rights of the Company. As their aggregated interest is more than 50% of the total voting rights of the Company, the Share Purchase Mandate, even if exercised in full, will not result in either of them incurring an obligation to make a general offer under Rule 14 and Appendix 2 of the Take-over Code.

Based on the above information and the Register of Directors' Shareholdings as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 110,796,221 Shares under the Share Purchase Mandate.

Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Substantial Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 110,796,221 Shares under the Share Purchase Mandate.

2.12 Shares bought by the Company in the Past Twelve (12) Months

The Company has not bought back any Shares by way of Market Purchase in the last twelve (12) months preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders are set out below:

| | Before Share Purchase | | | After Share Purchase | |
|--|------------------------------------|------------------------------------|--|----------------------|------------------------------------|
| | Direct Interest (No. of Shares) | Deemed Interest (No. of Shares) | Total Interest ⁽⁴⁾ No. of Shares | % | Total Interest ⁽⁵⁾ % |
| Directors | | | | | |
| Ong Chih Ching | 1,569,100 | 495,442,143 ⁽¹⁾ | 497,011,243 | 44.86 | 49.84 |
| Leny Suparman | 1,800,000 | 459,257,142 ⁽²⁾ | 461,057,142 | 41.61 | 46.24 |
| Judith Goi Lang Peng | - | - | - | - | - |
| Lee Kiam Hwee | - | - | - | - | - |
| Ho Kah Leong @ Ho Kah Leung | - | - | - | - | - |
| Yu-Foo Yee Shoon | 540,000 | - | 540,000 | 0.05 | 0.05 |
| Ng Hin Lee | - | - | - | - | - |
| Substantial Shareholders (other than the Directors) | | | | | |
| KOP Group Pte. Ltd. | - | 428,571,428 ⁽³⁾ | 428,571,428 | 38.68 | 42.98 |
| Goi Seng Hui | 234,595,043 | - | 234,595,043 | 21.17 | 23.53 |

Notes:

- (1) Ong Chih Ching is deemed to be interested in 428,571,428 Shares held by KOP Group Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 and 66,870,715 Shares held through OCBC Securities Private Limited.
- (2) Leny Suparman is deemed to be interested in 428,571,428 Shares held by KOP Group Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 and 30,685,714 Shares held through Bank of Singapore under Citibank Nominees Singapore Pte. Ltd..
- (3) KOP Group Pte. Ltd. is deemed to be interested in 100,000,000 Shares held through Hong Leong Finance Nominees Pte. Ltd. and 328,571,428 Shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..
- (4) As a percentage of the total number of issued Shares as at the Latest Practicable Date comprising 1,107,962,214 Shares.
- (5) As a percentage of the total number of issued Shares comprising 997,165,993 Shares (assuming that the Company purchases the maximum number of 110,796,221 Shares under the Share Purchase Mandate).

Save as disclosed in this Appendix, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect, in the Shares.

LETTER TO SHAREHOLDERS

4. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company or to who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

5. DIRECTORS' RECOMMENDATION

As Ong Chih Ching and Leny Suparman are parties acting in concert with KOP Group Pte. Ltd., they shall abstain from making any recommendation in respect of the proposed renewal of the Share Purchase Mandate. Save for the aforementioned, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the renewal of the Share Purchase Mandate to be proposed at the AGM.

6. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the Annual Report, will be held on 29 October 2021 by electronic means at 2.30 p.m. for the purpose of considering and, if thought fit, passing the resolutions set out in the Notice of AGM.

7. APPROVALS AND RESOLUTIONS

Shareholders' approval for the proposed adoption of the Share Buyback Mandate is sought at the AGM. The resolution relating to the proposed adoption of the Share Buyback Mandate is contained in the Notice of AGM.

8. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with the Annual Report the Notice of AGM and a Proxy Form.

Due to current movement restriction orders in Singapore, Shareholders will not be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy, to vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM, in accordance with the instructions printed on the Proxy Form.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

10. ABSTENTION FROM VOTING

Ong Chih Ching, Leny Suparman and parties acting in concert with KOP Group Pte. Ltd. shall abstain from voting on the resolution to the adoption of the proposed renewal of the Share Purchase Mandate at the AGM, and the Company shall disregard any votes cast by Ong Chih Ching, Leny Suparman and parties acting in concert with KOP Group Pte. Ltd. on the said resolution. Ong Chih Ching, Leny Suparman and parties acting in concert with KOP Group Pte. Ltd. shall not accept appointment as proxies for Shareholders to vote on the resolution in relation to the proposed renewal of the Share Purchase Mandate, unless specific instructions have been given in the proxy form(s) on how the votes are to be cast in respect of such resolution.

LETTER TO SHAREHOLDERS

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's registered office at 316 Tanglin Road, #01-01 Phoenix Park Singapore 247978, during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 March 2021.

In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, access to the registered office of the Company may not be possible during this period. Shareholders who wish to inspect the above documents should contact the Company so that arrangements can be made.

Yours faithfully

For and on behalf of the Board of Directors of

KOP LIMITED

Ong Chih Ching

Executive Chairman and Executive Director

KOP LIMITED

(Company Registration No. 200415164G)
(Incorporated In Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting ("AGM") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Order 2020. Due to the current COVID-19 restriction order, a member will not be able to physically attend the AGM. A member (including Relevant Intermediary*) must appoint the Chairman of the AGM as proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
2. Alternative arrangements relating to the attendance of the AGM via electronic means, as well as conduct of the AGM and relevant guidance with full details are set out in the accompanying Company's announcement dated 13 October 2021, which can be accessed via the SGX website at: <https://www.sgx.com/securities/company-announcements>.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") and wishes to vote should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the AGM as their proxy, at least 7 working days before the AGM.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, _____ (Name) _____ (NRIC /Passport No./Co. Registration No.)
of _____ (Address)

being *a member/members of KOP LIMITED ("Company"), hereby appoint the Chairman of the Annual General Meeting ("AGM"), as my/our* proxy to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be convened and held by way of electronic means on Friday, 29 October 2021 at 2.30 p.m. and at any adjournment thereof. I/We* direct my/our* proxy to vote for or against, or abstain from voting on the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the appointment of proxy for that resolution will be treated as invalid at the AGM and at any adjournment thereof.

| No. | Resolutions relating to: | No. of Votes 'For'*** | No. of Votes 'Against'*** | No. of Votes 'Abstain'** |
|--------------------------|---|-----------------------------|---------------------------------|--------------------------------|
| ORDINARY BUSINESS | | | | |
| 1 | Adoption of the Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2021 | | | |
| 2 | Approval of Directors' fees amounting to S\$157,000 for the financial year ending 31 March 2022, to be paid quarterly in arrears | | | |
| 3 | Re-election of Mr. Ng Hin Lee as a Director | | | |
| 4 | Approval of Dr. Ho Kah Leong @ Ho Kah Leung's ("Dr. Ho") continued appointment as an Independent Director by all shareholders | | | |
| 5 | Approval of Dr. Ho's continued appointment as an Independent Director by all shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates) | | | |
| 6 | Re-appointment of Messrs UHY Lee Seng Chan & Co as Auditors and authority to Directors to fix remuneration | | | |
| SPECIAL BUSINESS | | | | |
| 7 | Authority to allot and issue new shares | | | |
| 8 | Renewal of Share Purchase Mandate | | | |

* Delete where inapplicable

** If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2021

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature(s) of Member(s)

and/or, Common Seal of Corporate Member



IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **In light of the current COVID-19 measures in Singapore, members will not be able to attend the AGM in person. A member of the Company (including a Relevant Intermediary*) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.**
3. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
 - (a) via the following URL: <https://conveneagm.sg/koplimited> ("KOP AGM Website"), in the electronic format accessible on the KOP AGM Website;
 - (b) if submitted by post, be lodged at the Company's registered office of the Company at 316 Tanglin Road #01-01 Phoenix Park Singapore 247978; or
 - (c) if submitted electronically, be submitted via email to the Company's Share Registrar at shareregistry@incorp.asia,

in either case **by no later than 2.30 p.m. on 26 October 2021, being seventy-two (72) hours before the time appointed for the AGM.**

In the case of submission of the Proxy Form other than via the KOP AGM Website, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically either through the KOP AGM Website or via email to the Company's Share Registrar.

4. In the case of submission of the Proxy Form other than via the KOP AGM Website, the instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
5. An investor who holds shares under the Central Provident Fund ("CPF") Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and wishes to vote, should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the AGM as their proxy, at least seven (7) working days before the AGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 October 2021.

