



KOUFU GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 201732833D)

RESPONSE TO SGX'S QUERY

In response to the query from Singapore Exchange Securities Trading Limited in their email dated 16 April 2019, the Board of Directors of the Company wishes to provide the information as set out below:

Query 1

With reference to the audited consolidated statement of cash flows on pages 72 and 73 of the Company's Annual Report 2018, please provide an explanation for the material differences in the amounts of the following items, as compared to the unaudited financial results announcement of the Company for the financial year ended 31 December 2018:-

- i. The net cash from operating activities of approximately S\$33,241,000, as compared to the amount of S\$39,114,000; and
- ii. The net cash from financing activities of approximately S\$30,870,000 as compared to the amount of S\$25,051,000

Company's Response to Q1

The material differences in the amounts of the Net cash from operating and financing activities in the Audited Financial Statements as compared to the Unaudited Financial Statements announcement for the financial year ("FY") ended 31 December 2018 were mainly due to:-

An amount of S\$5,815,000 owing to Abundance Realty Pte Ltd, a fellow subsidiary of the immediate and ultimate holding company was recorded as Non-trade amounts due to related parties in Trade and other Payables in the Unaudited Statement of Financial Position announcement in FY 2018. This amount relates to an advance obtained in FY 2017 to facilitate the purchase of the investment property at 18 Jalan Membina #01-01 Singapore 164018. The associated cash flows was disclosed in Net cash generated from operating activities in the Audited Statement of Cash Flows for FY 2017 as the purchase of the investment property is for the purpose of generating rental income, which is part of the operating activities of the Group.

Following the execution of a loan agreement in FY2018, the advance has been reclassified to Loan from fellow subsidiary of immediate and ultimate holding company in Trade and other payables in the Audited Statement of Financial Position for FY 2018. Management has determined the cash flows arising therefrom as a financing activity. Accordingly, S\$6,578,000 and S\$763,000 has been disclosed as proceeds from and repayment of loan to fellow subsidiary of immediate and ultimate holding company respectively, in the Net cash flows from/ (used in) financing activities in the Audited Statement of Cash Flows for FY 2018. The reclassification from Net cash generated from operating activities to Net cash flows from/ (used in) financing activities has been inadvertently omitted in the Unaudited Statement of Cash Flows announcement for FY 2018.

The other remaining differences of S\$58,000 for the Net cash generated from operating activities and S\$4,000 for the Net cash from/ (used in) financing activities relate to minor reclassifications between the operating, investing and financing activities of the cash flows.

**By Order of the Board
Koufu Group Limited**

Pang Lim
Executive Chairman and Chief Executive Officer

18 April 2019

DBS Bank Ltd. is the sole issue manager, global coordinator, bookrunner and underwriter (the "**Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter**") for the initial public offering of shares in, and listing of, Koufu Group Limited on the Main Board of the Singapore Exchange Securities Trading Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.