



(Company Registration Number: 200415164G)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2022

Pursuant to Rule 705(2C) of the Listing Manual Section B: Rules of Catalist ("Catalist Rules"), the Singapore Exchange Regulation requires the Company to continue to announce its quarterly financial statements with effect from 7 February 2020.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

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KOP LIMITED

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group		% of change + / (-)
		3 months ended 30-Jun-22 S\$'000	3 months ended 30-Jun-21 S\$'000	
Revenue	E4	4,150	3,394	22
Cost of sales		(2,595)	(2,334)	11
Gross profit		1,555	1,060	47
Other operating income		468	196	139
Distribution costs		(62)	(72)	(14)
Administrative and general expenses		(2,462)	(1,900)	30
Share of results from investment in associate		6	2	200
Share of results from investments in joint ventures		-	(2)	N.M
Finance costs		(1,726)	(1,267)	36
Impairment loss on subsequent write-down of non-current asset held for sale to fair value less costs to sell	E10	(25,798)	-	N.M
Loss before tax	E6.1	(28,019)	(1,983)	1,313
Income tax expenses	E7	(10)	(35)	(71)
Loss after tax		(28,029)	(2,018)	1,289
Other comprehensive income for the period, after tax: <i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange difference on translation of foreign operations		(578)	1,685	(134)
Total comprehensive income for the period		(28,607)	(333)	8,491
Loss attributable to:				
Owners of the Company		(27,915)	(1,937)	1,341
Non-controlling interests		(114)	(81)	41
		(28,029)	(2,018)	1,289
Total comprehensive income attributable to:				
Owners of the Company		(28,394)	(256)	10,991
Non-controlling interests		(213)	(77)	177
		(28,607)	(333)	8,491
Loss per share for the period attributable to the owners of the Company:				
Basic and diluted (SGD in cent)		(2.52)	(0.17)	

N.M - not meaningful

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B. Condensed interim balance sheets

Note	Group		Company		
	30-Jun-22 S\$'000	31-Mar-22 S\$'000	30-Jun-22 S\$'000	31-Mar-22 S\$'000	
ASSETS					
Non-current assets					
Property, plant and equipment	E9	39,161	39,926	-	-
Investments in subsidiaries		-	-	145,361	145,149
Investment in associate		191	310	-	-
Total non-current assets		39,352	40,236	145,361	145,149
Current assets					
Development properties		125,733	125,880	-	-
Inventories		226	240	-	-
Trade and other receivables		727	2,557	7,115	5,523
Other current assets		412	346	17	30
Contract assets		1,194	-	-	-
Contract costs		512	563	-	-
Cash and bank balances		6,560	5,305	101	18
		135,364	134,891	7,233	5,571
Non-current asset held for sale	E10	81,801	107,599	-	-
Total current assets		217,165	242,490	7,233	5,571
Total assets		256,517	282,726	152,594	150,720
LIABILITIES					
Current liabilities					
Bank borrowings (secured)	E11	76,870	2,510	-	-
Finance leases		37	36	-	-
Lease liabilities		64	92	-	-
Contract liabilities		-	1,071	-	-
Tax payable		1,553	1,618	-	-
Trade and other payables		17,777	18,356	9,314	8,843
Loans from shareholders	E12	51,088	48,058	51,088	48,058
Total current liabilities		147,389	71,741	60,402	56,901
Non-current liabilities					
Deferred tax liabilities		2,586	2,588	-	-
Bank borrowings (secured)	E11	8,096	81,527	-	-
Finance leases		32	41	-	-
Lease liabilities		6	7	-	-
Loan from a non-controlling interest		12,122	12,027	-	-
Retention sum payable		1,177	1,079	-	-
Total non-current liabilities		24,019	97,269	-	-
Total liabilities		171,408	169,010	60,402	56,901
NET ASSETS		85,109	113,716	92,192	93,819
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	E13	78,940	78,940	294,506	294,506
Foreign currency translation reserves		3,052	3,531	-	-
Revaluation reserve		37,768	37,768	-	-
Other reserves		1,681	1,681	-	-
Accumulated losses		(37,806)	(9,891)	(202,314)	(200,687)
		83,635	112,029	92,192	93,819
Non-controlling interests		1,474	1,687	-	-
Total equity		85,109	113,716	92,192	93,819

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C. Condensed interim statements of changes in equity

Group	Share capital S\$'000	Foreign currency translation reserves S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Equity attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
As at 1 April 2022	78,940	3,531	37,768	1,681	(9,891)	112,029	1,687	113,716
<u>Total comprehensive income for the period</u>								
Loss for the period	-	-	-	-	(27,915)	(27,915)	(114)	(28,029)
Other comprehensive income for the period								
Exchange difference on translation of foreign operations	-	(479)	-	-	-	(479)	(99)	(578)
Total comprehensive income for the financial period	-	(479)	-	-	(27,915)	(28,394)	(213)	(28,607)
As at 30 June 2022	78,940	3,052	37,768	1,681	(37,806)	83,635	1,474	85,109
As at 1 April 2021	78,940	(2,238)	37,768	1,681	891	117,042	2,401	119,443
<u>Total comprehensive income for the period</u>								
Loss for the period	-	-	-	-	(1,937)	(1,937)	(81)	(2,018)
Other comprehensive income for the period								
Exchange difference on translation of foreign operations	-	1,681	-	-	-	1,681	4	1,685
Total comprehensive income for the financial period	-	1,681	-	-	(1,937)	(256)	(77)	(333)
As at 30 June 2021	78,940	(557)	37,768	1,681	(1,046)	116,786	2,324	119,110
Company						Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
As at 1 April 2022						294,506	(200,687)	93,819
Loss for the period, representing total comprehensive income for the period						-	(1,627)	(1,627)
As at 30 June 2022						294,506	(202,314)	92,192
As at 1 April 2021						294,506	(194,602)	99,904
Loss for the period, representing total comprehensive income for the period						-	(1,308)	(1,308)
As at 30 June 2021						294,506	(195,910)	98,596

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D. Condensed interim consolidated statement of cash flows

	Note	Group	
		3 months ended 30-Jun-22 S\$'000	3 months ended 30-Jun-21 S\$'000
Operating activities			
Loss before tax		(28,019)	(1,983)
Adjustments for:			
Depreciation of property, plant and equipment		529	485
Gain on disposal of property, plant and equipment		(3)	-
Impairment loss on subsequent write-down of non-current asset held for sale to fair value less costs to sell	E10	25,798	-
Interest income		-	(1)
Finance costs		1,726	1,267
Unrealised foreign exchange differences		(46)	4
Share of results from investments in associates		(6)	(2)
Share of results from investments in joint ventures		-	2
Operating cash flows before changes in working capital		(21)	(228)
Changes in working capital			
Trade and other receivables		1,940	(2,693)
Other current assets		(66)	26
Development properties		147	1,062
Contract assets		(1,194)	-
Contract costs		51	98
Inventories		14	1
Trade and other payables		(1,853)	414
Contract liabilities		(1,071)	(556)
Retention sum payable		98	-
Cash flows used in operations		(1,955)	(1,876)
Interest paid		(376)	(313)
Tax paid		(8)	-
Net cash flows used in operating activities		(2,339)	(2,189)
Investing activities			
Purchase of property, plant and equipment	E9	(80)	(162)
Proceeds from disposal of property, plant and equipment		3	-
Net cash flows used in investing activities		(77)	(162)
Financing activities			
Repayment of bank borrowings		(272)	(43)
Decrease in restricted funds placed in escrow accounts		(103)	(42)
Repayment of finance leases		(8)	(9)
Repayment of lease liabilities		(30)	(62)
Proceeds from bank borrowings		949	-
Proceeds from loan from a shareholder		3,030	1,843
Net cash flows from financing activities		3,566	1,687
Net changes in cash and cash equivalents		1,150	(664)
Cash and cash equivalents at the beginning of financial period		5,113	1,500
Effect of foreign currency translation in cash and cash equivalents		2	-
Cash and cash equivalents at the end of financial period		6,265	836

Cash and cash equivalents in the condensed interim consolidated statement of cash flows comprise the following:

	30-Jun-22 S\$'000	30-Jun-21 S\$'000
Cash and bank balances	6,560	1,161
Less: Restricted funds placed in escrow accounts	(295)	(325)
Cash and cash equivalents	6,265	836

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E. Notes to condensed interim consolidated financial statements

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). These condensed interim consolidated financial statements as at and for the 3 months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is to carry on the business of an investment holding company. The principal activities of the Group are:

- (a) Investment holding;
- (b) Business management and consultancy services;
- (c) Development and provision of resort services;
- (d) Real estate developers

2. Basis of preparation

The condensed interim financial statements for the 3 months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

Impact of Covid-19 and Ukraine war

Despite the recovery in the hospitality segment due to the easing of Covid-19 measures in countries in which the Group operates, the Group continues to face challenges from global inflationary pressures that were aggravated by supply chain disruptions arising from Covid-19 lockdowns in some cities in China and soaring commodity prices due to the Ukraine war.

As the geopolitical situation continues to evolve, there is significant uncertainty over the full range of possible effects on the Group's financial and liquidity positions. The Group has considered and estimated the impact of these challenges on the Group's financial position and performance, especially in relation to its going concern assumption.

Going concern assumption

The Group incurred a net loss of \$28,029,000 (30 June 2021: \$2,018,000) for the financial period ended 30 June 2022. The Group's current assets of \$217,165,000 (31 March 2022: \$242,490,000) mainly comprised development properties and non-current asset held for sale which amounted to \$125,733,000 (31 March 2022: \$125,880,000) and \$81,801,000 (31 March 2022: \$107,599,000) as at 30 June 2022. The Company incurred a net loss of \$1,627,000 (30 June 2021: \$1,308,000) for the financial period ended 30 June 2022.

The performance of the Group's hospitality segment was adversely impacted by the COVID-19 pandemic for the past 2 years. Following the lifting of the travel restrictions by various countries, the Group's hospitality segment is expected to recover in this financial year.

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:

- Following the lifting of travel restrictions by various countries, the Group's hospitality segment is expected to recover in this financial year. Accordingly, the directors are confident that the Group and the Company will be able to generate sufficient cash flows from operating activities in the next 12 months from the date of this condensed interim consolidated 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 to new ordinary shares of the Company for up to \$10 million.
- The repayment of the loan from the Company's ultimate holding company of approximately \$11.1 million has been extended until cash flows of the Company improves.
- The proceeds from the disposal of the non-current asset held for sale are expected to be received in full within 90 days from the final arbitration judgement date. Refer to Note E10 for further details.

In the event that the above-mentioned proceeds do not materialise on a timely basis, the shareholder agreed that he will not seek for repayment of the loan principal of \$37 million [Note E12 (a)] due on 9 November 2022 plus interest of approximately \$5.5 million together with the on-going interest accrued until the receipt of the proceeds from the disposal of the non-current asset held for sale or 7 September 2023, whichever is earlier.

Accordingly, the management considers it appropriate that these condensed interim consolidated financial statements are prepared on a going concern basis.

E. Notes to condensed interim consolidated financial statements

2. Basis of preparation (cont'd)

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

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.

(iii) Entertainment

Sales of goods, sales of tickets and sponsorship income.

(iv) Corporate office

Management fee income from subsidiaries, Group-level corporate services and treasury function.

These operating segments are reported in a manner consistent with internal reporting provided to Executive Chairman and Group Chief Executive Officer who are responsible for allocating resources and assessing performance of the operating segments.

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E. Notes to condensed interim consolidated financial statements

4. Segment and revenue information (cont'd)

4.1 Reportable segment

1 April 2022 to 30 June 2022	Real estate development and investment S\$'000	Real estate origination and management services S\$'000	Hospitality S\$'000	Entertainment S\$'000	Corporate office S\$'000	Inter-segment elimination S\$'000	Total S\$'000
Revenue							
Revenue from external customers	2,265	58	1,827	-	-	-	4,150
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	2,265	58	1,827	-	-	-	4,150
Results							
Segment results	597	(107)	(392)	-	(599)	-	(501)
Finance costs	(529)	(8)	(160)	-	(1,029)	-	(1,726)
Share of results from investments in associates	6	-	-	-	-	-	6
Impairment of non-current asset held for sale	-	(25,798)	-	-	-	-	(25,798)
Reportable profit/(loss)	74	(25,913)	(552)	-	(1,628)	-	(28,019)
Income tax expenses	(2)	-	(8)	-	-	-	(10)
Profit/(Loss) for the period	72	(25,913)	(560)	-	(1,628)	-	(28,029)
Other information							
Depreciation of property, plant and equipment	(132)	(50)	(347)	-	-	-	(529)
As at 30 June 2022							
Reportable segment assets	139,937	82,642	33,816	-	122	-	256,517
Reportable segment assets included:							
Investments in associates	191	-	-	-	-	-	191
Additions to non-current assets	-	-	80	-	-	-	80
Reportable segment liabilities	91,169	6,163	13,674	-	60,402	-	171,408

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E. Notes to condensed interim consolidated financial statements

4. Segment and revenue information (cont'd)

4.1 Reportable segment (cont'd)

	Real estate development and investment S\$'000	Real estate origination and management services S\$'000	Hospitality S\$'000	Entertainment S\$'000	Corporate office S\$'000	Inter-segment elimination S\$'000	Total S\$'000
1 April 2021 to 30 June 2021							
Revenue							
Revenue from external customers	2,595	316	483	-	-	-	3,394
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	2,595	316	483	-	-	-	3,394
Results							
Segment results	473	(264)	(353)	-	(572)	-	(716)
Finance costs	(405)	(11)	(115)	-	(736)	-	(1,267)
Share of results from investments in associates	2	-	-	-	-	-	2
Share of results from investments in joint ventures	-	(2)	-	-	-	-	(2)
Reportable profit/(loss)	70	(277)	(468)	-	(1,308)	-	(1,983)
Income tax expenses	(28)	-	(7)	-	-	-	(35)
Profit/(Loss) for the period	42	(277)	(475)	-	(1,308)	-	(2,018)
Other information							
Interest income	-	1	-	-	-	-	1
Depreciation of property, plant and equipment	(36)	(85)	(364)	-	-	-	(485)
As at 31 March 2022							
Reportable segment assets	140,895	108,406	33,370	-	55	-	282,726
Reportable segment assets included:							
Investments in associates	310	-	-	-	-	-	310
Additions to non-current assets	481	73	58	-	-	-	612
Reportable segment liabilities	91,963	6,610	13,536	-	56,901	-	169,010

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E. Notes to condensed interim consolidated financial statements

4. Segment and revenue information (cont'd)

4.2 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	
	3 months ended 30-Jun-22 S\$'000	3 months ended 30-Jun-21 S\$'000	30-Jun-22 S\$'000	31-Mar-22 S\$'000
Singapore	2,323	3,000	1,293	1,462
Indonesia	1,827	379	38,003	38,711
People's Republic of China	-	15	56	63
	<u>4,150</u>	<u>3,394</u>	<u>39,352</u>	<u>40,236</u>

4.3 Disaggregation of revenue

	Real estate development and investment		Real estate origination and management services		Hospitality		Total	
	30-Jun-22 S\$'000	30-Jun-21 S\$'000	30-Jun-22 S\$'000	30-Jun-21 S\$'000	30-Jun-22 S\$'000	30-Jun-21 S\$'000	30-Jun-22 S\$'000	30-Jun-21 S\$'000
Primary geographical markets								
Singapore	2,265	2,595	58	301	-	104	2,323	3,000
Indonesia	-	-	-	-	1,827	379	1,827	379
People's Republic of China	-	-	-	15	-	-	-	15
	<u>2,265</u>	<u>2,595</u>	<u>58</u>	<u>316</u>	<u>1,827</u>	<u>483</u>	<u>4,150</u>	<u>3,394</u>
Major product or service lines								
Management, coordination, consultancy and establishment fee	-	-	58	316	-	104	58	420
Room revenue	-	-	-	-	984	159	984	159
Food & beverage, Spa and other retail revenue	-	-	-	-	606	91	606	91
Sale of development properties	2,265	2,595	-	-	-	-	2,265	2,595
Others	-	-	-	-	237	129	237	129
	<u>2,265</u>	<u>2,595</u>	<u>58</u>	<u>316</u>	<u>1,827</u>	<u>483</u>	<u>4,150</u>	<u>3,394</u>
Timing of transfer of goods or services								
At a point in time	-	-	-	-	843	220	843	220
Over time	2,265	2,595	58	316	984	263	3,307	3,174
	<u>2,265</u>	<u>2,595</u>	<u>58</u>	<u>316</u>	<u>1,827</u>	<u>483</u>	<u>4,150</u>	<u>3,394</u>

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E. Notes to condensed interim consolidated financial statements

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 March 2022:

	Group		Company	
	30-Jun-22 S\$'000	31-Mar-22 S\$'000	30-Jun-22 S\$'000	31-Mar-22 S\$'000
Financial assets				
Trade and other receivables	727	2,557	7,115	5,523
Other current assets, excluding prepayment	154	149	-	-
Cash and bank balances	6,560	5,305	101	18
Total undiscounted financial assets	7,441	8,011	7,216	5,541
Financial liabilities				
Trade and other payables, excluding non-refundable deposits	17,608	17,709	9,314	8,843
Bank borrowings (secured)	87,249	85,950	-	-
Finance leases	72	81	-	-
Loans from shareholders	52,670	50,279	52,670	50,279
Loan from a non-controlling interest	12,408	12,408	-	-
Total undiscounted financial liabilities	170,007	166,427	61,984	59,122
Total net undiscounted financial liabilities	(162,566)	(158,416)	(54,768)	(53,581)

6. Profit before taxation

6.1 Significant items

	Note	Group	
		3 months ended 30-Jun-22 S\$'000	3 months ended 30-Jun-21 S\$'000
Income			
Interest income		-	(1)
Gain on disposal of property, plant and equipment		(3)	-
Expenses			
Depreciation of property, plant and equipment		529	485
Net foreign exchange loss/(gain)		38	(19)
Interest expense		1,726	1,267
Impairment loss on subsequent write-down of non-current asset held for sale to fair value less costs to sell	E10	25,798	-

6.2 Related party transactions

During the financial period, the Group entered into the following significant transactions with related parties at terms agreed between the parties, other than those disclosed elsewhere in the condensed interim consolidated financial statements:

	Group	
	3 months ended 30-Jun-22 S\$'000	3 months ended 30-Jun-21 S\$'000
Ultimate holding company		
Loan	3,030	1,843
Interest expense	226	90
Related companies		
Management fee income	-	(21)
Recharge of expenses	(39)	-
Reimbursement of expenses	27	-
Joint venture		
Consultancy fee income	-	(104)

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E. Notes to condensed interim consolidated financial statements

6. Loss before taxation (cont'd)

6.2 Related party transactions (cont'd)

During the financial period, the Group entered into the following significant transactions with related parties at terms agreed between the parties, other than those disclosed elsewhere in the condensed interim consolidated financial statements: (cont'd)

	Group	
	3 months ended 30-Jun-22 S\$'000	3 months ended 30-Jun-21 S\$'000
Entity which the directors of the Company have interest in		
Management fee income	-	(50)
Transactions with directors of the Company		
Management fee income from development properties sold	(2)	(2)
Shared return from development properties	(2)	(1)
Guarantors fee	69	69
Transactions with shareholders of the Company		
Interest expense	802	646

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	3 months ended 30-Jun-22 S\$'000	3 months ended 30-Jun-21 S\$'000
Income taxes		
- Current income taxation	10	8
- Under provision in prior years	-	27
Income tax expenses recognised in profit or loss	10	35

8. Net asset value

	Group		Company	
	30-Jun-22 S\$ in cent	31-Mar-22 S\$ in cent	30-Jun-22 S\$ in cent	31-Mar-22 S\$ in cent
Net asset value per ordinary share	7.55	10.11	8.32	8.47

9. Property, plant and equipment

During the 3 months ended 30 June 2022, the Group acquired property, plant and equipment amounting to \$80,000 (30 June 2021: \$162,000).

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E. Notes to condensed interim consolidated financial statements

10. Non-current asset held for sale

On 10 November 2016, the Company announced that its indirect wholly-owned subsidiary company, KOP Northern Lights Pte. Ltd. ("KOPNL") had entered into a joint venture framework agreement ("Framework Agreement") in relation to a joint venture ("JV") with Shanghai LuJiaZui Zhi Mao Investment Co., Ltd (上海陆家嘴至茂投资有限公司) ("SLJZM"), a wholly-owned subsidiary of Shanghai LuJiaZui (Group) Co., Ltd (上海陆家嘴(集团)有限公司) ("SLJZ") and Shanghai Harbour City Development (Group) Co., Ltd (上海港城开发(集团)有限公司) ("SHCD") for the development of Wintastar Shanghai (冰雪之星) located in Shanghai's Lingang City (临港主城区).

On 12 June 2017, KOPNL entered into an investment agreement ("Investment Agreement") in relation to the incorporation of the JV company, Shanghai Snow Star Properties Co., Ltd. (上海耀雪置业有限公司) ("JVC"), with SLJZM and Shanghai Hong Bin Properties Co., Ltd. (上海鸿滨置业有限公司) ("SHBP"), a wholly-owned subsidiary of SHCD (collectively known as the "Purchasers").

On or around 2020, as a result of differing views and disagreements between the parties in the JV, the Purchasers have brought the case to the Shanghai International Arbitration Centre on 28 December 2020 (the "SHIAC").

On 18 January 2021, the Company announced that KOPNL had received a notice of arbitration dated 4 January 2021.

Following a hearing on 25 June 2021, the SHIAC issued a partial judgment on 29 November 2021 as follows: (i) the Framework Agreement and the Investment Agreement shall be terminated on 20 December 2020, and (ii) the Purchasers will acquire the Company's 30% equity interests in the JVC at a fair market value, based on the average of the valuation provided by two China-qualified valuers appointed by the Purchasers and the Company respectively. The partial judgement dated 29 November 2021 had retrospectively terminated the Framework Agreement and Investment Agreement on 20 December 2020.

The investment in joint venture attributable to the disposal which is expected to be sold within twelve months, has been reclassified as "non-current asset held for sale" and is presented separately in the condensed interim balance sheets.

On 4 October 2022, the Company announced that the Group had on 30 September 2022 received the final arbitration judgement ("Final Arbitration Judgement") dated 29 September 2022 from SHIAC.

The Final Arbitration Judgement is, inter alia, as follows:

- (i) Confirmation that the Framework Agreement and the Investment Agreement ("Agreements") were terminated on 20 December 2020;
- (ii) The Company's 30% equity interests in the JVC held by KOPNL would be transferred to SLJZM and SHBP in a ratio of 4:3. The equity transfer price payable by SLJZM and SHBP would be RMB 326,033,957 and RMB 244,525,468 respectively;
- (iii) KOPNL shall pay SLJZM termination penalty amounting to RMB 80,000,000;
- (iv) KOPNL shall pay SHBP termination penalty amounting to RMB 80,000,000;
- (v) KOPNL shall bear 80% of the Purchasers' legal fee amounting to RMB 1,280,000;
- (vi) KOPNL shall bear 80% of the arbitration fee amounting to RMB 4,702,400 and the remaining 20% amounting to RMB1,175,600 to be borne by the Purchasers;
- (vii) The amount to be paid by the Purchasers to KOPNL in item (ii) above is RMB 570,559,425 which will be offset against the amounts to be received by the Purchasers from KOPNL in items (iii), (iv), (v) and (vi) above;
- (viii) Therefore, the Purchasers will pay KOPNL the net amount of RMB 404,577,025, being the proceeds after offsetting (iii), (iv), (v) and (vi) (excluding the taxes), in full within 90 days from the Final Arbitration Judgement date, and
- (ix) The Final Arbitration Judgement is final and takes effect from the date of its issuance, and together with the partial judgement issued on 29 November 2021 constitutes the complete award of the dispute in arbitration relating to the JVC.

In 1QFY2023, the Group recognised an impairment loss of S\$25,798,000 (Note E6.1) on subsequent write-down of non-current asset held for sale to fair value less costs to sell as the expected net proceeds of the disposal after deducting all the above-mentioned expenses and expected taxes based on the Final Arbitration Judgement is lower than the carrying amount of non-current asset held for sale. This impairment loss has been recognised in the condensed interim consolidated statement of profit or loss.

The major class of asset comprising the "non-current asset held for sale" is as follows:

	Group	
	30-Jun-22 S\$'000	31-Mar-22 S\$'000
Investment in joint venture	81,801	107,599

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E. Notes to condensed interim consolidated financial statements

11. Bank borrowings (secured)

	Group	
	30-Jun-22 S\$'000	31-Mar-22 S\$'000
Current		
Fixed rate bank loans		
- 7-year USD loan	1,251	2,193
- 5-year SGD loan	320	317
Variable rate bank loan		
- SGD land loan and construction loan	75,299	-
	76,870	2,510
Non-current		
Fixed rate bank loans		
- 7-year USD loan	7,401	6,422
- 5-year SGD loan	695	776
Variable rate bank loan		
- SGD land loan and construction loan	-	74,329
	8,096	81,527
Total bank borrowings (secured)	84,966	84,037

The Group's bank borrowings comprise the following:

(a) 7-year fixed rate bank loan

The 7-year USD term loan bears interest at 5.50% (31 March 2022: 5.50%) per annum and matures in June 2025. 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.

On 31 May 2022, the Group was granted an indicative restructuring scheme in relation to its 7-year USD loan whereby the principal payments for the amounts due from 1 January 2022 to 31 December 2022 have been deferred and will recommence thereafter from 1 January 2023.

(b) 5-year fixed rate bank loan

The 5-year SGD term loan bears interest at 2.75% (31 March 2022: 2.75%) per annum and matures in July 2025. The loan is secured by a corporate guarantee from the Company.

(c) Variable rate bank loan

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 \$5,586,000 (31 March 2022: \$4,637,000) as at the reporting date. The loans bear interest at 1.40% (31 March 2022: 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 and proportionate guarantee from the Company.

Subsequent to the financial period, the Group is in the process of applying for an extension of the loan for another year.

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E. Notes to condensed interim consolidated financial statements

12. Loans from shareholders

The Group's loans from shareholders comprise the following:

- (a) Shareholder: \$37,000,000 fixed rate loan (31 March 2022: \$37,000,000)

The loan from shareholder is denominated in SGD and bears interest at 7% per annum. The loan which was originally matured on 9 November 2018 was extended for repayment to 9 November 2022. As described in Note E2, in the event that the proceeds from disposal do not materialise on a timely basis, the shareholder agreed not to seek repayment of the loan principal of \$37 million due on 9 November 2022 plus interest of approximately \$5.5 million together with the on-going interest accrued until the receipt of the proceeds from the disposal of the non-current asset held for sale or 7 September 2023, whichever is earlier.

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.

- (b) Ultimate holding company: \$14,088,000 fixed rate loan (31 March 2022: \$11,058,000)

The loan from ultimate holding company is denominated in SGD, bears interest at 7% per annum and repayable in 3 months from the first drawdown date or such other date as the parties shall agree in writing. 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.

13. Share capital

	Group and Company		Company	
	30-Jun-22	31-Mar-22	30-Jun-22	31-Mar-22
	Number of ordinary shares *		S\$'000	
Issued and fully paid-up capital:				
At beginning and end of the period	1,107,962,214	1,107,962,214	294,506	294,506

* 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	
	30-Jun-22	31-Mar-22
	S\$'000	
Issued and fully paid-up capital: ^		
At beginning and end of the period	78,940	78,940

^ 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 Company did not hold any treasury shares as at 30 June 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 March 2022.

14. Subsequent events

Other than those disclosed elsewhere in the condensed interim financial statement, there are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

On 29 July 2022, the Company announced that partial judgement was issued by SHIAC on 29 November 2021.

On 9 September 2022, the Company announced that KOPNL received a letter from SHIAC that the arbitrator has requested and SHIAC had agreed for an extension of time for the judgement to be delivered. The extension of time for the judgement is until 2 October 2022.

On 4 October 2022, the Company announced that the Group had on 30 September 2022 received the final arbitration judgement dated 29 September 2022 from SHIAC.

Please refer to the Company's announcements dated 29 July 2022, 9 September 2022 and 4 October 2022 for more details.

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F. Other information required by Appendix 7C of the Catalyst Rules

1. Review

The condensed consolidated balance sheets of KOP Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the 3-months period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Review of performance of the Group

2a. Income statement

Revenue

	3 months ended 30-Jun-22 S\$'000	3 months ended 30-Jun-21 S\$'000	Change S\$'000	%
Real estate development and investment	2,265	2,595	(330)	(13)
Real estate origination and management services	58	316	(258)	(82)
Hospitality	1,827	483	1,344	278
Entertainment	-	-	-	N.M.
	4,150	3,394	756	22

Revenue increased by S\$0.8 million or 22% from S\$3.4 million in 3 months ended 30 June 2021 ("1QFY2022") to S\$4.2 million in 3 months ended 30 June 2022 ("1QFY2023"). The increase was mainly due to increase in revenue from the hospitality segment. The increase was partially offset by the decrease in revenue from the real estate development and investment segment and real estate origination and management services segment.

The increase in revenue from the hospitality segment was mainly due to Montigo Resorts, Nongsa and Montigo Resorts, Seminyak Seminyak (collectively, "Resorts") being fully opened following the lifting of the travel restrictions by various countries.

The decrease in revenue from real estate development and investment segment was mainly due to the lower revenue recognised based on work progress for Dalvey Haus Project during the period.

The decrease in revenue from the real estate origination and management services segment was mainly due to the one-time consultancy fee income received in 1QFY2022.

Cost of sales

Cost of sales increased by \$0.3 million or 11% from S\$2.3 million in 1QFY2022 to S\$2.6 million in 1QFY2023 is in line with the increase in revenue during the period.

Gross profit

Gross profit increased by S\$0.5 million or 47% from S\$1.1 million in 1QFY2022 to S\$1.6 million in 1QFY2023 is in line with the increase in revenue during the period.

Other operating income

Other operating income increased by \$0.3 million or 139% from S\$0.2 million in 1QFY2022 to S\$0.5 million in 1QFY2023 mainly due to deposit received in relation to the Dalvey Haus Project which was forfeited during the period.

Distribution costs

Distribution costs decreased by S\$10,000 or 14% from S\$72,000 in 1QFY2022 to S\$62,000 in 1QFY2023 mainly due to the decrease in sales and marketing expenses incurred during the period.

Administrative and general expenses

Administrative and general expenses increased by S\$0.6 million or 30% from S\$1.9 million in 1QFY2022 to S\$2.5 million in 1QFY2023 and mainly due to the increase in operations resulted from the re-opening of the Resorts.

Impairment loss on subsequent write-down of non-current asset held for sale to fair value less costs to sell

This represents the recognition of impairment loss of S\$25.8 million on subsequent write-down of non-current asset held for sale to fair value less costs to sell as the expected net proceeds of the disposal after deducting all the expenses and expected taxes based on the Final Arbitration Judgement is lower than the carrying amount of non-current asset held for sale. The carrying amount of the non-current asset held for sale includes "share of gain on property revaluation of a joint venture" amounting to S\$37.8 million (net of deferred tax of S\$2.0 million) that was previously recognised under other comprehensive income in FY2019 before it was being reclassified from "investment in joint ventures" to non-current asset held for sale" in FY2022.

Share of results from investment in associate

This represents the Group's share of results from investment in associate, Epic Land Pte. Ltd., during the period.

Loss after tax

As a result of the above, the Group recorded a loss after tax of S\$28.0 million in 1QFY2023 compared to a loss after tax of S\$2.0 million in 1QFY2022.

Exchange difference on translation of foreign operations

The significant change in the exchange difference on translation of foreign operations was mainly due to the translation of IDR from the share of foreign currency translation reserves from investment in subsidiaries, P.T. Montigo Seminyak and P.T. Teguh Cipta Pratama during the period.

F. Other information required by Appendix 7C of the Catalyst Rules

2. Review of performance of the Group (cont'd)

2b. Balance sheets

Investment in associate decreased by S\$119,000 from S\$310,000 as at 31 March 2022 to S\$191,000 as at 30 June 2022 mainly due to the dividends paid out offset by the share of results during the period.

Trade and other receivables decreased by S\$1.9 million from S\$2.6 million as at 31 March 2022 to S\$0.7 million as at 30 June 2022 mainly due to the proceeds from the sale of unit in Dalvey Haus Project received during the period.

Other current assets increased by S\$66,000 from S\$346,000 as at 31 March 2022 to S\$412,000 as at 30 June 2022 mainly due to the increased in prepaid expenses incurred during the period.

Contract assets relates to the right to recognise revenue for percentage of work completed but not billed in Dalvey Haus Project during the period.

Non-current asset held for sale decreased by S\$25.8 million from S\$107.6 million as at 31 March 2022 to S\$81.8 million as at 30 June 2022 mainly due to the impairment loss on subsequent write-down of non-current asset held for sale to fair value less costs to sell as the expected net proceeds of the disposal after deducting all the expenses and expected taxes based on the Final Arbitration Judgement is lower than the carrying amount of non-current asset held for sale.

Decrease in finance leases and lease liabilities were mainly due to repayments made during the period.

Decrease in contract liabilities was mainly due to recognition of revenue as the Group satisfies its performance obligations under sales contracts.

2c. Cash flows statement

The net cash outflow from operating activities for 1QFY2023 arose mainly due to operation loss during the period.

The net cash outflow from investing activities for 1QFY2023 arose mainly from the purchase of property, plant and equipment during the period.

The net cash inflow from financing activities for 1QFY2023 arose mainly from the proceeds from bank borrowings and loan from a shareholder.

F. Other information required by Appendix 7C of the Catalyst Rules**3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:****3a. Updates on the efforts taken to resolve each outstanding audit issue.**

The Company's independent auditors had issued a qualified opinion on the Group's audited consolidated financial statements for the financial year ended 31 March 2022 ("**FY2022**"). For details, please refer to the Independent Auditors Report for FY2022 announced on 7 September 2022.

1. Opening balances

The opening balances relate to the basis for qualified opinion for FY2021 that was not resolved resulting in the possible effects of those matters on the comparability of current years' figures and the corresponding figures for FY2022.

2. Difficulties in obtaining financial information required for the audit of the Group's 30% interest in investment in joint venture, Shanghai Snow Star Properties Co., Ltd..

There will be no similar issues in the coming year upon the disposal of non-current asset held for sale.

Please refer to the Company's announcements dated 18 January 2021, 20 January 2021, 1 February 2021, 11 February 2021, 5 March 2021, 3 June 2021, 29 July 2022, 9 September 2022 and 4 October 2022 for more details.

3b. Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed to date.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement has been previously disclosed.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

With the lifting of the travel restrictions by various countries, Montigo Resorts, Nongsa and Montigo Resorts, Seminyak (collectively, "Resorts") are fully opened and the Group is cautiously optimistic and anticipates higher occupancy rates in the next 12 months.

While safeguarding the viability of the business, our utmost priority has been the safety and well-being of all our staff, guests, and associates. The Group 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.

As for the operations in China, other than the arbitration mentioned elsewhere in this condensed financial statements, the business was impacted and delayed by the lockdown in Shanghai resulted from the surge in COVID-19 cases. Closer to home, approximately 43% of the Dalvey Haus development project has been completed to date.

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 Company 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.

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F. Other information required by Appendix 7C of the Catalist Rules

6. Dividend information

6a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

6b. Corresponding Period of the Immediately Preceding Financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

6c. Date Payable

Not applicable.

6d. Books closure date

Not applicable.

7. If no dividend has been declared/ recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended as the Company has deemed it more appropriate to retain the cash in the Group for its future growth.

8. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) S\$'000
<u>KOP Group Pte. Ltd.</u> Interest expense	226	-
<u>Mr. Sam Goi Seng Hui</u> Interest expense	802	-

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the 3-months period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ong Chih Ching
Executive Chairman and Executive Director

Leny Suparman
Executive Director and Group Chief Executive Officer

13 October 2022