



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

RESPONSE TO SGX QUERIES

*Unless otherwise specified, capitalised terms used herein shall bear the same meaning ascribed to the announcement dated 5 February 2021 in relation to the third quarter financial statements and related announcement for the period ended 31 December 2020 ("**Result Announcement**").*

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

The Company sets out below the queries raised by the SGX-ST on 8 February 2021 and the Company's responses to the queries.

Query 1

We note that majority of the current liabilities of the Group comprise of the loans from shareholders of S\$38.9 million. Please elaborate on the nature and details of the loan and when the Company anticipates that it will be repaid.

Company's Response

The nature and details of the loan and the maturity date of the loans were disclosed in the note to the audited financial statements for the financial year ended 31 March 2020. An extract of the relevant notes is set out below:

Note 25

The Group's loans from shareholders comprises of the following:

- (a) Shareholder: \$37,000,000 fixed rate loan (2019: \$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 2020. Subsequent to financial year end, the loan has been extended for another 12 months and will be due for repayment in November 2021.

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 guarantee from certain directors of the Company.

- (b) Ultimate holding company: \$1,900,000 fixed rate loan (2019: Nil)

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. Subsequent to financial year end, the loan was extended until cashflows of the Company improves.

The loans are expected to be repaid once the cash flow of the Company improves.

Query 2

Given the Group's current liabilities of S\$64.9 million and cash and bank balance of only S\$3.08 million, and noting that the Company incurred losses of S\$8.2 million in 9MFY2021, please disclose the Board's assessment:

- (i) on whether the Company's current assets are adequate to meet the Company's short term liabilities of S\$64.9 million, including its bases of assessment; and
- (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months.

Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Company's Response

The Company wishes to clarify that the Group's current liabilities of S\$64.9 million mainly comprises of the loans from shareholders, contract liabilities and trade and other payables and bank borrowings. Out of the trade and other payables of S\$17.8 million, the amount payable to third parties was S\$6.6 million, where the Company has worked out debt instalment plans with its major vendors and is on track to fulfilling these obligations.

In addition, as disclosed in the audited financial statements for the financial year ended 31 March 2020 and announcement dated 15 October 2020, the directors have undertaken not to demand for payment until the cash flows of the Company improves and the Group's controlling shareholders, Ms. Ong Chih Ching, Ms. Leny Suparman and Mr. Goi Seng Hui 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.

Considering the above, together with the successful annual extension of the \$37 million loan (as stated in (a) of the notes to the financial statements above) for the past 3 years as a precedent of support from the substantial shareholder, the Company and the Board believes that it will be able to meet all its significant payment obligations as and when they fall due.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
10 February 2021

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

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