KOP LIMITED

ANNUAL REPORT 2020

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COMPANY PROFILE

KOP Limited ("**KOPL**" or "**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.

Construction in progress at south plot, Wintastar Shanghai

MESSAGE FROM THE EXECUTIVE CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors, I am presenting KOP Limited ("**KOPL**" or "**Group**") annual report for the financial year ended 31 March 2020 ("**FY2020**").

A COVID 2020

Most of the messages we read this year had referred to COVID-19 pandemic, we are no different. This is the theme of the year, an unprecedented attack on human kind and gravely impacted our travel and tourism industries.

We started with a promising financial year for our two Montigo Resorts, Nongsa and Seminyak ("**Resorts**") as evidenced in the strong performance in the first 9 months. The performance of both Resorts were going from strength to strength until we were hit by the COVID-19 pandemic. We were forced to close the Resorts and only recently reopened with very limited domestic business. Our Indonesian colleagues had to take massive unpaid leave and some of them had salary freeze. We did cross trainings to reskill our staff so as to give as many jobs as possible to the staff. In addition, we made use of the pandemic as an opportunity to renovate some of the villas and residences at Montigo Resorts, Nongsa which were long overdue which we were unable to do during the good times because we were yielding on the revenue. We are also taking this opportunity to deploy our staff and own resources for the renovation.

We devised campaigns such as "Buy Now Stay Anytime" and "Montigo Wallet", a company-wide effort across Singapore, China and Indonesia to help sell those special packages to fund our operations during these difficult months. I am also pleased to inform that we also had conducted a separate voluntary fund raising for donations to our Indonesian colleagues, where a lot of our colleagues including almost all of our Directors chipped in their salaries and/or fees. It was a heart-warming exercise.

We are slowly opening up the businesses at the Resorts whilst still ensuring that safety is the first order of the house, hence we have stepped up all precautionary measures necessary for safe distancing and staff health checks. We are also finding ways to work more efficiently in the new normal.

Back in Singapore, the staff also took unpaid leave and/or pay cuts. We are grateful that Singapore Government stepped in to assist and provide a lot of support to businesses. This helped us a lot especially for our junior staff, where a lot of subsidies were received. We practised alternative working arrangements such as staggered working hours as well as work from home and other premises within the real estate managed by us in order to preserve sustainability.

For our real estate development and investment segment, we launched our high-end condominium project, Dalvey Haus, during the financial year. Sales efforts were difficult but we are pleased that we have positive market response on the units. This has certainly helped in the funding of the construction of the project. For our real estate origination and management services segment, we have also started taking on more advisory businesses leveraging on our experiences in creating concept and positioning for real estate projects.

At Wintastar, Shanghai, we are pleased to share the good news that the first phase of the project has topped out during October 2019 and is on schedule to complete by 2021.

Looking Ahead

We intend to move cautiously in the next financial year, we believe that it would be prudent for us to continue to be defensive in our business approach. We will leverage on Government support to send our staff for trainings to upgrade themselves especially in the area of digital marketing and sales. Our alternative working arrangement have proven to be successful so far, so going forward, it will become our new normal. We believe that lesser commuting is a direct way of reducing carbon footprint and costs savings. We will continue to be reliant on technology to help us in our future business.

Hopefully, the situation will turn 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 valuable 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.

I would also like to take this opportunity to welcome Ms Judith Goi to our Board. Ms Judith Goi has been appointed as KOPL's Non-Executive Director on 16 September 2019.

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 Group Pte. Ltd. ("**KOPG**"), where she was instrumental in shaping the company into a purveyor of luxury lifestyle, real estate and hospitality.

Under her leadership, KOPG 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 KOPG, 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 was appointed as the Non-Executive Director of the Company on 16 September 2019.

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) Limted, KOP Limited, Singapura Finance Ltd. and ED+ Pte. Ltd.. She is Senior Advisor (International Advisory Panel) to Hyflux Ltd. and 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. and Qingdao Timi Supply Chain Co., 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 Financial Controller in June 2016 and 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 of the Singapore Exchange Securities Trading Limited.

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

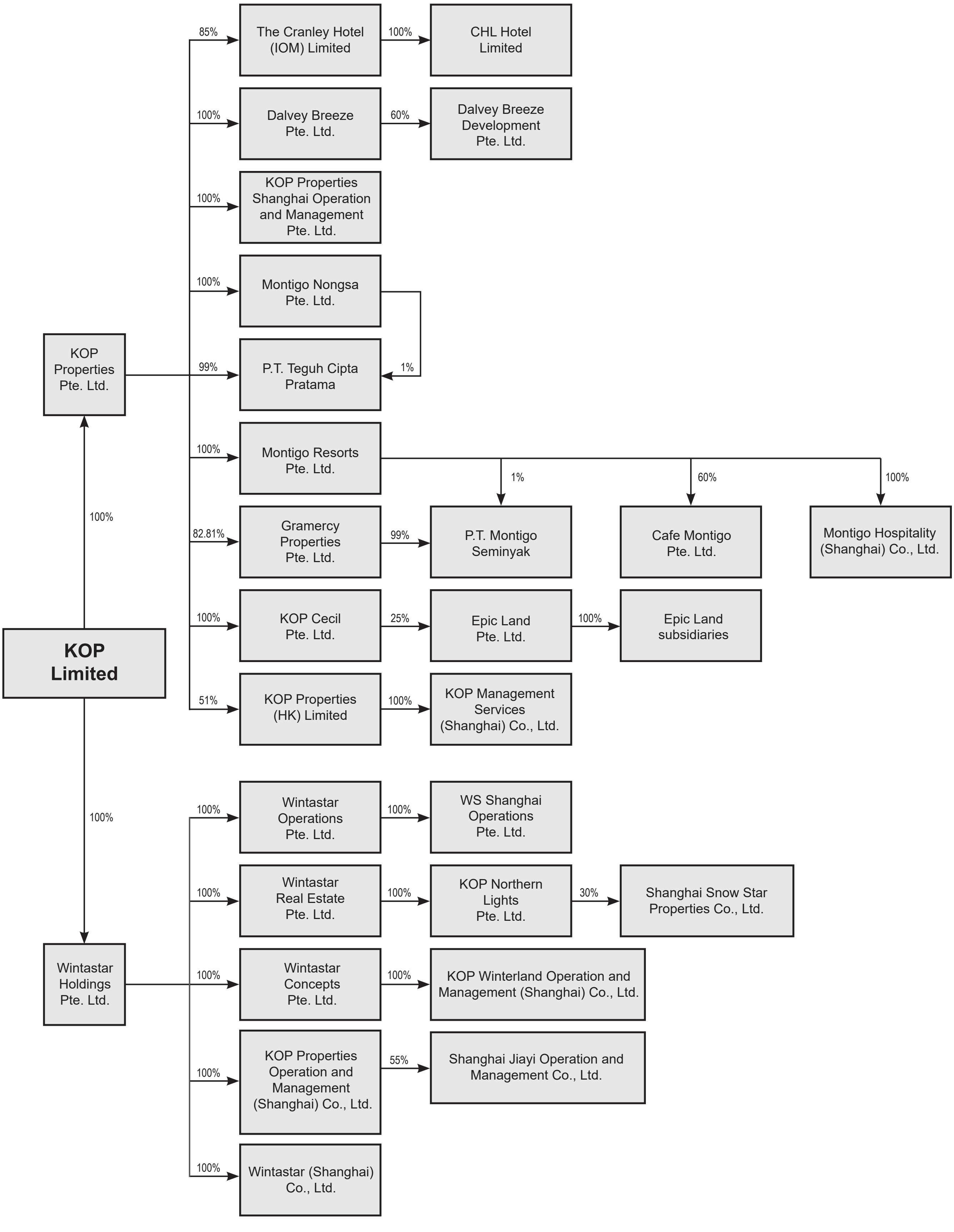
Chief Executive Officer – Wintastar Holdings Pte. Ltd.

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 2020 ("**FY2020**"), the Group's revenue increased by 9% from S$18.7 million in financial year ended 31 March 2019 ("**FY2019**") to S$20.4 million in FY2020. The increase in revenue contributed from Real Estate Origination and Management Services segment and Hospitality segment, offset by the absence of the revenue from the Real Estate Development and Investment segment. Both the Montigo Resorts, Nongsa and Seminyak achieved better performance prior to the outbreak of COVID-19 and the Group had also obtained more consultancy and management contracts during the FY2020. As a result, the Group registered a 19% increase in gross profit to S$12.4 million from S$10.4 million reported in the same corresponding year.

Coupled with the increase in gross profit; increase in other operating income resulting from foreign exchange gain recorded and one-time insurance payout; a 21% decrease in administrative and general expenses due to lesser legal and professional fees incurred as well as reduction in payroll, the Group reported a loss after tax of S$2.7 million in FY2020 as compared to loss after tax of S$5.9 million in FY2019.

Hospitality

The Hospitality segment, consisting of two operating assets in Indonesia – Montigo Resorts, Nongsa in Batam and Montigo Resorts, Seminyak in Bali – remained the key revenue driver, contributing S$17.3 million of segment revenue, or 85% 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 new 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.

Montigo Resorts, Shanghai will make its much-anticipated debut with Wintastar, Shanghai. Slated for operation are four themed hotels with approximately 1,000 room keys and amenities such as ski-in/ski-out access, thematic restaurants and spas, including an Ice Hotel in the landmark integrated indoor ski resort.

The Hospitality segment has seen improved performance year after year, with strong occupancy rates recorded at both resorts in FY2020, prior to the outbreak of COVID-19.

With the rapid spread of COVID-19, both Montigo Resorts, Nongsa and Montigo Resorts, Seminyak have both experienced a decrease in demand, resulting in a decrease in revenue and performance since the last quarter of FY2020. 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 temporarily 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.

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

The remaining Group revenue was contributed by Real Estate Origination and Management Services segment amounting to S$3.1 million, or equivalent to 15% of Group's revenue. The increase in revenue is mainly derived from higher consultancy income recognised during 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

In FY2020, no revenue was recorded for the Real Estate Development and Investment segment as the Group was focusing on expanding hospitality operations to generate recurring income instead of selling units in Montigo Resorts, Nongsa.

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

Back in Singapore, the construction of the high-end condominium, Dalvey Haus, has commenced work on site in mid-August 2020 following the approval from the Building and Construction Authority and we expect to complete 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 FY2021.

Sports-Entertainment

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

CORPORATE SOCIAL RESPONSIBILITY

KOPL values the importance of giving back to the community through continuous engagement and contribution. Having been active in Corporate Social Responsibility ("**CSR**") activities, KOPL is doing our part for local and regional communities through several social and environmental contributions.

A Collective Fight Against COVID-19

KOPL together with its subsidiary, Montigo Resorts Pte. Ltd. collaborated with Ministry of Culture, Community and Youth ("**MCCY**"), the Changi Airport Group ("**CAG**") and National Environment Agency to distribute 1,000 health packs to cleaners at 26 Hawker Centres and Changi Airport. This CSR initiative is to show appreciation to the cleaners who helped to keep Singapore clean and safe in the collective fight against COVID-19. The health packs contained hand sanitisers, fruits, vitamin water, energy snack bars, salt candies, and other useful products.

During the unprecedented COVID-19 crisis, staff of KOPL also volunteered their services to distribute sanitisers to households in an initiative called #BYOBclean, under the Temasek Foundation programme. The #BYOBclean exercise is a "Bring Your Own Bottle" initiative by Temasek Foundation for all households in Singapore to receive 500ml of zero alcohol sanitiser by using their own clean, used bottle(s). This exercise took place from 23 March 2020 to 5 April 2020.

Making Inroads to Gender Equality

KOPL believes that regardless of gender, both men and women should have equal rights, opportunities and access to education, marriage and employment, and we advocate this through our own company policies. We support the Association of Women for Action and Research ("**AWARE**"), a relationship we have built since 2010. AWARE endeavors to remove all gender-based barriers in Singapore, and our financial contributions support their research and advocacy, education and training and support services.

In this vein, KOPL has also been contributing to SNOW (Say No to the Oppression of Women). Organised by the Singapore Committee for UN (United Nations) Women, proceeds raised from the yearly gala will go towards supporting women and girls' empowerment in Singapore and the region.

A Passion for Philanthropy

KOPL strives to contribute back to the community in a sustainable manner and share the fruits of our success with the less fortunate. We make regular donations to other charities, seeking to challenge the status quo, inspire, and advance to the betterment of the community.

This year, KOPL's philanthropic efforts has been centered on community development in Indonesia. Montigo Resorts, Nongsa has contributed to several donation drives, including donating food supplies to 25 households in Kampung Kelembak and donating goats to mosques around the Nongsa area. Montigo Resorts is committed in actively engaging staff in philanthropic initiatives such as sending volunteers to facilitate in blood donation drives organised by the Indonesian Red Cross Society, organising trips to children orphanages and cleaning mosques in Batam. In January 2020, Montigo Resorts, Seminyak invited children from the Orphanage to the resort for some engaging activities such as games, art and craft making and also treating them to a dinner at our TIIGO restaurant.

Environmental Sustainability

Moving beyond corporate philanthropy and volunteerism, Montigo Resorts, Nongsa has also explored new practices to make the place we live in a more sustainable one. In September 2019, our CSR committee from Montigo Resorts, Seminyak supported the initiative to introduce International Coastal Cleaning which involved 22 Montigo Resorts staff picking up garbage at the Petitenget beach area.

Montigo Resorts has also contributed to the local conservation in Batam through several initiatives such as organizing bi-monthly cleaning blitz around the Nongsa area and contributing religiously to the annual World Cleanup Day by cleaning the entire district of Buntal Island alongside with Non-Government Organisations, communities and students.

AWARDS AND ACCOLADES

Montigo Resorts, Nongsa

- World Luxury Spa Award 2019 – Best Luxury Beach Resort Spa in Asia (Montigo Spa)
- World Luxury Restaurant Award 2019 – Best Indonesian Cuisine in Asia (TADD'S Restaurant)
- World Luxury Restaurant Award 2019 – Best Luxury Resort Restaurant in Indonesia (TADD'S Restaurant)
- World Luxury Restaurant Award 2019 – Best Chinese Cuisine in Indonesia (Pantai Restaurant)
- Asia Pacific Property Awards 2019-2020 – Best Leisure Development in Indonesia
- Certificate of Excellence of 2019 by Trip Advisor
- Loved by Guests Award Winner 2019 by Hotels.com

Montigo Resorts, Seminyak

- World Luxury Hotel Award 2019 – Best Luxury Boutique Resort (Global)
- Certificate of Excellence 2019 by Trip Advisor
- Best Restaurant, Bar & Café Award 2019 by NOW! Bali – Best International Restaurant
- Global Hospitality Awards 2020 – Best Family-Friendly Holiday Resort of the Year
- Luxury Travel Guide 2020 – Luxury Boutique Hotel of the Year
- Spa & Wellness 2020 – Travel & Hospitality Awards – Boutique Spa of the Year

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**)

SPONSOR

RHT Capital Pte. Ltd.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

REGISTERED OFFICE

30 Cecil Street
#23-02 Prudential Tower
Singapore 049712

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

AUDITORS

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

PARTNER-IN-CHARGE

Wong Yew Chung
(a member of the Institute of
Singapore Chartered Accountants)
(First appointed in respect of the
financial year ended 31 March 2018)

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 with specific reference to the Code of Corporate Governance 2018 ("**Code**") and the Disclosure Guide on Compliance with the Code developed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in January 2015. The Group subscribes fully to the principles and guidelines and recommendations in the Code 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 2020 ("**FY2020**"), 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.

On 6 August 2018, the SGX-ST had issued the amendments to the Catalist Rules following the Code. With reference to the amendments to the Listing Manual – Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**") and the Code, the Board and Board Committees had reviewed, revised and adopted the changes to the Board Committees' terms of reference to ensure their continued relevance.

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:

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- 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 FY2020 and the attendance of each Director where relevant are as follows:

	Board		ARC		RC		NC		AGM	
Name of Directors	**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**
Ms. Ong Chih Ching	5	5	4	4*	2	2*	2	2*	1	1
Ms. Leny Suparman	5	5	4	4*	2	2*	2	2*	1	1
Mr. Lee Kiam Hwee	5	5	4	4	2	2	2	2	1	1
Mrs. Yu-Foo Yee Shoon	5	5	4	4	2	2	2	2	1	1
Dr. Ho Kah Leong @ Ho Kah Leung	5	5	4	4	2	2	2	2	1	1
Mr. Ng Hin Lee	5	5	4	4	2	2	2	2	1	1
Ms. Judith Goi Lang Peng(1)	5	2	4	2*	2	0	2	0	1	0

Note:
** Attendance by invitation*
(1) Ms. Judith Goi Lang Peng was appointed as the Non-Executive Director on 16 September 2019.

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 annual 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.

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.

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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 Catalist 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. During FY2020, Ms. Judith Goi Lang Peng has attended the Director's training on Module 1: Listed Entity Director Essentials. 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	–	–	–
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
Ms. Judith Goi Lang Peng(1)	Non-Executive Director	–	–	–

Note:
(1) Ms. Judith Goi Lang Peng was appointed as the Non-Executive Director on 16 September 2019.

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.

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, Dr. Ho Kah Leong @ Ho Kah Leung, Mrs. Yu-Foo Yee Shoon and Mr. Ng Hin Lee are independent.

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None of the Independent Directors have served on the Board beyond nine (9) years from their respective date of first appointment.

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.

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 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;

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- 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.

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. Within three years of 1 January 2019, a Director appointed or re-appointed before 1 January 2019 must submit him/herself for re-nomination and re-appointment to the Board at a general meeting no later than 31 December 2021.

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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 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 Ms. Ong Chih Ching, Mrs. Yu-Foo Yee Shoon and Ms. Judith Goi Lang Peng at the forthcoming AGM. The Board had accepted the NC's recommendation.

Mrs. Yu-Foo Yee Shoon, being a member of the NC, who is retiring at the AGM abstained from voting on the resolution in respect of their re-nomination and re-appointment as a Director.

Please refer to the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist 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 three (3) 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 three preceding years
Ms. Ong Chih Ching	51	Executive Chairman and Executive Director	6 May 2014	24 August 2018	None	None
Ms. Leny Suparman	46	Group CEO and Executive Director	6 May 2014	30 August 2019	None	None
Mr. Lee Kiam Hwee	64	Lead Independent Director	6 May 2014	24 August 2018	Marco Polo Marine Ltd.	HTL International Holdings Limited
Mrs. Yu-Foo Yee Shoon	70	Independent Director	6 May 2014	21 September 2017	Singapura Finance Ltd.	None
Dr. Ho Kah Leong @ Ho Kah Leung	83	Independent Director	28 August 2012	30 August 2019	Fuxing China Group Limited	Vicom Ltd.
Mr. Ng Hin Lee	63	Independent Director	15 January 2018	24 August 2018	FJ Benjamin Holdings Ltd.	None
Ms. Judith Goi Lang Peng	50	Non-Executive Director	16 September 2019	N/A	None	None

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For the financial year under review, the NC has received the confirmation of independence from the Independent Directors does 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.

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.

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.

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 FY2020, 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.

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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 FY2020.

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.

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 is for a period of three (3) years that commenced on 6 May 2014 and subsequently renewed for another three (3) years commencing on 6 May 2017 and 6 May 2020.

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

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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.

A breakdown showing the level and mix of each individual Director's remuneration in remuneration bands of S$250,000 for FY2020 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
Ms. Leny Suparman	–	100	–	–	100
Below S$250,000					
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
Ms. Judith Goi Lang Peng^	∞	–	–	–	∞

Notes:
* *These fees were approved by the shareholders at the AGM held on 30 August 2019.*
\# *Salary is inclusive of fixed allowance and CPF contributions.*
@ *Other benefits are inclusive of one-time allowance, incentives and dental allowance.*
^ *Ms. Judith Goi Lang Peng was appointed as the Non-Executive Director on 16 September 2019.*
∞ *The Director's fee for Ms. Judith Goi Lang Peng will be tabled at the forthcoming AGM for shareholders' approval.*

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For FY2020, the Group has identified three (3) key management personnel. The details and the level of remuneration of the Group's top three (3) key management personnel (who are not Directors or the Group CEO) for FY2020 is set out 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[(3)]	Chief Financial Officer of KOP Limited

Notes:
(1) Ms. Joey Ong is the sister of Ms. Ong Chih Ching, Executive Chairman and Executive Director of the Company, whose remuneration exceeds S$100,000 during FY2020. Ms. Joey Ong was re-designated as the Chief Operating Officer of KOP Limited on 1 April 2020.
(2) Ms. Liane Ong was promoted as the Chief Executive Officer of Wintastar Holdings Pte. Ltd. on 1 April 2020.
(3) Mr. Joe Tan was promoted as the Chief Financial Officer of KOP Limited on 1 April 2020.

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

The aggregate remuneration total amount paid to the Directors and the relevant key management personnel (who are not Directors or the Group CEO) for FY2020 is S$1,473,000 and S$677,000, respectively.

For FY2020, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period termination payment in lieu of service.

Details of remuneration paid to the immediate family member of Directors or Group CEO for FY2020 are set out below:

Name of Immediate Family Member	**Salary# %**	**Bonus %**	**Other Benefits@ %**	**Total %**
S$250,000 to below S$300,000				
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 FY2020 exceeded S$100,000.

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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.

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 FY2020 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 FY2020.

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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 four (4) times in FY2020. 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.

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.

REPORT OF CORPORATE GOVERNANCE

In October 2015, the ACRA introduced the Audit Quality Indicators ("**AQIs**") Disclosure Framework ("**Framework**"), which aims, to equip ARC with information that allows ARC to exercise their professional judgements on elements that contribute to or are indicative of audit quality. The AQIs were further enhanced in August 2016 which ACRA introduced six targets on selected AQIs to provide ARC with a common yardstick for comparison and to facilitate meaningful audit quality conversations with the auditors. As part of ongoing efforts to raise audit quality, ACRA has on 7 February 2020 introduced the AQIs Disclosure Framework that revised in January 2020 ("**Revised AQIs Framework**"). The Revised AQIs Framework comprises audit quality indicators to provide relevant and useful information to help ARC in their evaluation of statutory auditors. Accordingly, 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 AQIs set out in the Revised AQIs Framework.

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 FY2020, 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$223,000.

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. As part of the rotation of the external auditors, the ARC has recommended to the Board, and the Board has accepted, the re-appointment of Ernst & Young LLP 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 cooperation 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 FY2020.

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 FY2020.

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.

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 FY2020 in consultation with the ARC, and submitted its annual audit plan to the ARC for approval.

REPORT OF CORPORATE GOVERNANCE

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 appraised 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 annual report on page 14.

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 FY2020 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 FY2020 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.

In view of the COVID-19 (Temporary Measures) Act and guidance on the conduct of general meetings issued by the Monetary Authority of Singapore, the ACRA and the Singapore Exchange Regulation, the Company's AGM for FY2020 will be held by way of electronic means and shareholders will not be allowed to attend the AGM for FY2020 in person. Printed copies of the notice of AGM and annual report for FY2020 will not be sent to members. Instead, the notice of AGM and annual report for FY2020 will be sent to members by electronic means. The notice of AGM for FY2020 will not be advertised in the national newspaper. Please refer to the notice of AGM for FY2020 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 FY2020, 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 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 FY2020 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$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Scotts Spazio Pte. Ltd.		
Management fee income	200	–
Mr. Sam Goi Seng Hui		
Interest expense	2,597	–
Ms. Ong Chih Ching		
Guarantors fee	146	–
Ms. Leny Suparman		
Guarantors fee	146	–

8. NON-SPONSOR FEE

There was no non-sponsor fee paid to the Company's Sponsor, RHT Capital Pte. Ltd. in FY2020.

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 FY2020 or if not then subsisting, which were entered into since the end of the previous financial year.

10. SUMMARY OF FY2020 SUSTAINABILITY REPORT

The FY2020 Sustainability Report is the Group's third 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 2019 to 31 March 2020 unless stated otherwise.

In FY2020, 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 3 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
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.	Nil
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.	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
Ms. Judith Goi Lang Peng	Non-Executive Director	Board Member, Member of Audit and Risk Committee, Member of Nominating Committee, and Member of Remuneration Committee	Nil	Nil

REPORT OF CORPORATE GOVERNANCE

Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST:

	Name of Director		
Details	**Ong Chih Ching**	**Yu-Foo Yee Shoon**	**Judith Goi Lang Peng**
Date of appointment	6 May 2014	6 May 2014	16 September 2019
Date of last re-appointment (if applicable)	28 September 2017	28 September 2018	N/A
Age	51	70	50
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms. Ong Chih Ching was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Ms. Ong's qualifications, experience, and overall contribution since she was appointed as a Director of the Company.	The re-election of Mrs. Yu-Foo Yee Shoon was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Mrs. Yu-Foo's qualifications, experience, and overall contribution since she was appointed as a Director of the Company. The Board considers Mrs. Yu-Foo to be independent for the purpose of Rule 704(6) of the Catalist Rules.	The re-election of Ms. Judith Goi Lang Peng was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Ms. Judith Goi's qualifications, experience, and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for the Company's vision, development and strategic planning as well as growth of the Group's business.	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Executive Director	Independent Director	Non-Executive Director
Professional qualifications	• Bachelor of Laws, University of Buckingham • Barrister at Law and a member of The Honourable Society of Gray's Inn, London	• Bachelor of Commerce, Nanyang University • Master's Degree in Business, Nanyang Technological University • Honorary Doctorate of Education, Wheelock College of Boston	• Master of Learning Intervention, University of Melbourne • Post Graduate Diploma in Education, National Technological University • Bachelor of Science, Business Administration, Management, California State University, Long Beach

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director: Ong Chih Ching	Yu-Foo Yee Shoon	Judith Goi Lang Peng
Working experience and occupation(s) during the past 10 years	• 6 May 2014 to present – Executive Chairman and Executive Director, KOP Limited • 9 May 2008 to 5 May 2014 – Chairman and Co-founder of KOP Properties Pte. Ltd.	Minister of State, Ministry of Community Development, Youth and Sports (formerly MCYS) till 2011 and retired since then.	• Casual Administration Manager North Balwyn Family Dental, Melbourne (Oct 2017 to Nov 2018) • Supervisor/Principal Pearl Student Care Centre, Singapore (Feb to Aug 2015) • General Education Officer Ministry of Education, Singapore (2002 to Dec 2014) • Business Development Manager Tee Yih Jia Food Manufacturing Pte. Ltd., Singapore (1996 to 2002) • Loan Division Officer The Kwangtung Provincial Bank, Singapore (1994 to 1996)
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 1,569,100 shares Deemed interest – 494,442,143 shares	540,000 shares	None
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	Nil	Daughter of Mr. Sam Goi Seng Hui, substantial shareholder of KOP Limited.
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director: Ong Chih Ching	Yu-Foo Yee Shoon	Judith Goi Lang Peng
Other principal commitments including directorships	**Past (for the last 5 years)** Director of: • Aqua Voyage Pte. Ltd. • Art Heritage Singapore Pte. Ltd. • Bezel Pte. Ltd. • Bezel Singapore Pte. Ltd. • B3 Pte. Ltd. • Chilen Holdings Pte. Ltd. • Cityneon Properties Pte. Ltd. • Cocoa Colonies Holdings Pte. Ltd. • Franklyn Hotels & Resorts Pte. Ltd. • Franklyn Hotels & Resorts (Europe) Limited • KOP Hotels & Resorts Pte. Ltd. • KOP Luxury Lifestyles Pte. Ltd. • KOP Properties (HK) Limited • Montigo Resorts Kazakhstan Pte. Ltd. • Movements Pte. Ltd. • Scorpio East Entertainment Pte. Ltd. • Scorpio East Leisure Pte. Ltd. • Scorpio East Multimedia Pte. Ltd. • Scorpio East Pictures Pte. Ltd. • Scorpio East Productions Pte. Ltd. • The Cranley Hotel (IOM) Limited **Present:** Director of: • KOP Group Pte. Ltd. • Hayden Properties Pte. Ltd. • Royce Properties Pte. Ltd. • KOP-Scotts Pte. Ltd. • Scotts Spazio Pte. Ltd. • Dalvey Breeze Pte. Ltd.	**Past (for the last 5 years)** Special Advisor of: • Global Yellow Pages Business Chief Advisor of: • Science Arts Director of: • ARA Trust Management (Dynasty) Pte. Ltd. **Present:** Independent Director of: • Singapura Finance Ltd. • ARA Trust Management (Suntec) Pte. Ltd. Director of: • ED+ Pte. Ltd. Senior Advisor of: • Hyflux Ltd. • Elomart Pte. Ltd. Advisor of: • Dimensions International College Pte. Ltd. • Nuri Holdings (S) Pte. Ltd. Chairman of: • Publicity and Outreach Committee of the Lee Kuan Yew Fund for Bilingualism • Traditional Chinese Medicine Practitioners Board	**Past (for the last 5 years)** Nil **Present:** Nil

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director		
	Ong Chih Ching	Yu-Foo Yee Shoon	Judith Goi Lang Peng
	• Gramercy Properties Pte. Ltd. • KOP Properties Pte. Ltd. • KOP Cecil Pte. Ltd. • KOP Properties Shanghai Operation and Management Pte. Ltd. • Montigo Resorts Pte. Ltd. • Montigo Nongsa Pte. Ltd. • Wintastar Holdings Pte. Ltd. • Wintastar Concepts Pte. Ltd. • KOP Northern Lights Pte. Ltd. • Wintastar Real Estate Pte. Ltd.		
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	No	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	No	No

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Ong Chih Ching	Yu-Foo Yee Shoon	Judith Goi Lang Peng
c.	Whether there is any unsatisfied judgment against him?	No	No	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	No	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	No	No
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	No	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	No	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	No	No

REPORT OF CORPORATE GOVERNANCE

Details		Name of Director		
		Ong Chih Ching	Yu-Foo Yee Shoon	Judith Goi Lang Peng
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	No	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	No	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	No	No
	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	No	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,	No	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director		
	Ong Chih Ching	Yu-Foo Yee Shoon	Judith Goi Lang Peng
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	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	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.	Not applicable. This is a re-election of a Director.	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.	Not applicable. This is a re-election of a Director.	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 2020.

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 2020 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 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
Lee Kiam Hwee
Dr Ho Kah Leong @ Ho Kah Leung
Yu-Foo Yee Shoon
Ng Hin Lee
Judith Goi Lang Peng

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:

	Direct interest		Deemed interest	
Name of directors	**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	1,100,000	493,247,143	494,442,143
Leny Suparman [(1) (3)]	1,100,000	1,300,000	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 494,442,143 (2019: 493,247,143) shares which comprises (i) 428,571,428 (2019: 428,571,428) shares held through KOP Group Pte. Ltd. and, (ii) 65,870,715 (2019: 64,675,715) shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..

(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 (2019: 459,257,142) shares which comprises (i) 428,571,428 (2019: 428,571,428) shares held through KOP Group Pte. Ltd. and (ii) 30,685,714 (2019: 30,685,714) shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..

There were no change in the Directors' interest in the Company between the end of the financial year and 21 April 2020.

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 an option 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 four 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

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Ong Chih Ching Director	Leny Suparman Director

12 October 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

Report on the Audit of the Financial Statements

We have audited the financial statements of KOP Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity 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 2020 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 Opinion

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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements. The Group incurred a net loss of $2,694,000 for the financial year ended 31 March 2020. The Group's current assets of $132,089,000 as at 31 March 2020 mainly comprised development properties amounting to $125,948,000. The Company incurred a net loss of $78,429,000 for the financial year ended 31 March 2020 and is in a net current liabilities position of $39,266,000 as at 31 March 2020. The performance of the 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 on their abilities to generate sufficient cash flows from operations and the undertaking provided by certain of the Group's controlling shareholders to jointly and severally subscribe to the shares of the Company for up to $10 million in the event the Group is unable to meet its financial obligations.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Review of valuation reports

As at 31 March 2020, the Group has significant properties which comprise development properties amounting to $125,948,000 and leasehold land and buildings carried at cost model amounting to $37,940,000. The Group's joint venture company has an investment property, amounting to $490,728,000, which is carried at fair value as at 31 March 2020.

To assess the net realisable value of the development properties and the 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. The Group has also engaged an external professional valuer to assess the fair value of the investment property held by the joint venture company. The valuation of these properties is significant to our audit because it involves the 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 metre and gross development costs 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. Accordingly, we consider this to be a key audit matter.

As part of the audit, we assessed the objectivity, independence and expertise of the external professional valuers. We held discussions with the external valuers 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. We involved our internal real estate valuation specialists to assist us in assessing the appropriateness of the valuation models and assessing the reasonableness of the key assumptions used by management and the external professional valuers. We assessed the appropriateness of the valuation models used by the external professional valuers by considering the valuation methodologies adopted for similar property types. We assessed the reasonableness of the key assumptions used by management and the external professional valuers with reference to historical information, recent actual financial performance of the properties, recent transacted prices of comparable properties and industry data (where available). 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. In addition, we 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 Wong Yew Chung.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
12 October 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	Note	Group	
		2020	**2019**
		$'000	$'000
Revenue	4	20,369	18,682
Cost of sales		(7,938)	(8,296)
Gross profit		12,431	10,386
Other operating income	5	1,048	246
Distribution costs		(478)	(362)
Administrative and general expenses		(13,357)	(16,931)
Share of results from investments in associates		97	427
Share of results from investment in a joint venture		1,487	3,889
Finance costs	6	(3,998)	(3,460)
Impairment loss on financial assets	8	–	(313)
Loss before tax		(2,770)	(6,118)
Income tax credits	7	76	185
Loss after tax	8	(2,694)	(5,933)
Other comprehensive income for the financial year			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(6,112)	(3,246)
Item that will not be subsequently reclassified to profit or loss:			
Share of gain on property revaluation of a joint venture	13	–	37,768
Total comprehensive income for the financial year		(8,806)	28,589
Loss attributable to:			
Owners of the Company		(1,766)	(5,667)
Non-controlling interests		(928)	(266)
		(2,694)	(5,933)
Total comprehensive income attributable to:			
Owners of the Company		(7,359)	28,944
Non-controlling interests		(1,447)	(355)
		(8,806)	28,589
Loss per share (cents)			
Basic and diluted	9	(0.16)	(0.51)

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

BALANCE SHEETS

As at 31 March 2020

		Group		Company	
	Note	**2020**	**2019**	**2020**	**2019**
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	10	40,416	43,574	–	–
Investments in subsidiaries	11	–	–	150,871	226,194
Investments in associates	12	943	846	–	–
Investments in joint ventures	13	101,073	100,163	–	–
Deferred tax assets	14	41	40	–	–
		142,473	144,623	150,871	226,194
Current assets					
Development properties	15	125,948	124,020	–	–
Inventories	16	412	531	–	–
Trade and other receivables	17	1,960	3,317	1,632	2,357
Other current assets	18	630	736	12	17
Notes receivable	19	–	1,829	–	–
Cash and bank balances	20	3,139	2,864	11	38
		132,089	133,297	1,655	2,412
Total assets		274,562	277,920	152,526	228,606
Current liabilities					
Bank borrowings (secured)	21	2,392	1,749	–	–
Finance leases	22	33	31	–	–
Lease liabilities	23	428	–	–	–
Contract liabilities	4	2,986	1,341	–	–
Tax payable		1,768	2,194	–	4
Trade and other payables	24	12,146	10,532	2,021	1,568
Loans from shareholders	25	38,900	–	38,900	–
		58,653	15,847	40,921	1,572
Non-current liabilities					
Deferred tax liabilities	14	2,408	2,338	–	–
Bank borrowings (secured)	21	76,683	78,172	–	–
Finance leases	22	113	146	–	–
Lease liabilities	23	78	–	–	–
Loans from shareholders	25	–	37,000	–	37,000
Loan from a non-controlling interest	26	10,941	9,987	–	–
		90,223	127,643	–	37,000

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

BALANCE SHEETS

As at 31 March 2020

		Group		Company	
	Note	**2020**	**2019**	**2020**	**2019**
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	27	78,940	78,940	294,506	294,506
Foreign currency translation reserves	28	(6,895)	(1,302)	–	–
Revaluation reserve	29	37,768	37,768	–	–
Other reserves	30	1,681	2,094	–	–
Retained earnings/(Accumulated losses)		10,606	12,372	(182,901)	(104,472)
		122,100	129,872	111,605	190,034
Non-controlling interests		3,586	4,558	–	–
Total equity		125,686	134,430	111,605	190,034
Total liabilities and equity		274,562	277,920	152,526	228,606

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 2020

	Share capital	Foreign currency translation reserves	Revaluation reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
As at 1 April 2018	78,940	1,855	–	1,520	18,161	100,476	(543)	99,933
Total comprehensive income for the financial year								
Loss for the year	–	–	–	–	(5,667)	(5,667)	(266)	(5,933)
Other comprehensive income for the year	–	(3,157)	37,768	–	–	34,611	(89)	34,522
Total comprehensive income for the financial year	–	(3,157)	37,768	–	(5,667)	28,944	(355)	28,589
Contribution by owners								
Capital contribution from non-controlling interests	–	–	–	–	–	–	400	400
Other contribution from non-controlling interests	–	–	–	–	–	–	1,351	1,351
Total contribution by owners	–	–	–	–	–	–	1,751	1,751
Changes in ownership interests in subsidiaries								
Strike-off of subsidiary	–	–	–	122	(122)	–	–	–
Increase in non-controlling interests without a change in control	–	–	–	452	–	452	3,705	4,157
Total changes in ownership interests in subsidiaries	–	–	–	574	(122)	452	3,705	4,157
Total transactions with owners in their capacity as owners	–	–	–	574	(122)	452	5,456	5,908
As at 31 March 2019	78,940	(1,302)	37,768	2,094	12,372	129,872	4,558	134,430

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 2020

	Share capital	Foreign currency translation reserves	Revaluation reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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 for the year	–	(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	78,940	(6,895)	37,768	1,681	10,606	122,100	3,586	125,686

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 2020

	Share capital $'000	Accumulated losses $'000	Total $'000
Company			
As at 31 March 2018	294,506	(108,461)	186,045
Profit for the year, representing total comprehensive income for the year	–	3,989	3,989
As at 31 March 2019 and 1 April 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	294,506	(182,901)	111,605

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 2020

	Note	2020 $'000	2019 $'000
Operating activities			
Loss before tax		(2,770)	(6,118)
Adjustments for:			
Depreciation of property, plant and equipment	8,10	2,991	2,784
Loss on disposal of property, plant and equipment	8	5	–
Loss/(Gain) on strike-off of subsidiaries	5,8	4	(2)
Property, plant and equipment written-off	8	–	45
Interest income	5	(15)	(112)
Finance costs	6	3,998	3,460
Bad debts written-off	8	–	313
Unrealised foreign exchange differences		(2,181)	(137)
Share of results of investments in associates		(97)	(427)
Share of results of investment in a joint venture		(1,487)	(3,889)
Inventories written-off	8	–	20
Operating cash flows before changes in working capital		448	(4,063)
Changes in working capital			
Trade and other receivables		1,421	1,793
Other current assets		106	196
Development properties		174	(99,266)
Inventories		119	(24)
Trade and other payables		1,559	464
Contract liabilities		1,645	344
Cash flows generated from/(used in) operating activities		5,472	(100,556)
Interest paid		(5,417)	(3,471)
Interest received		6	–
Tax paid		(75)	(498)
Net cash flows used in operating activities		(14)	(104,525)
Investing activities			
Purchase of property, plant and equipment	10	(2,130)	(4,666)
Proceeds from disposal of property, plant and equipment		3	–
Redemption of notes receivable		1,834	8,000
Repayment of loan from an associate		–	6,174
Dividends received from an associate		–	8,250
Net cash flows (used in)/generated from investing activities		(293)	17,758

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 2020

	Note	2020 $'000	2019 $'000
Financing activities			
Repayment of bank borrowings		(1,415)	(1,471)
Decrease/(Increase) in restricted funds placed in escrow accounts		514	(135)
Repayment of finance leases		(31)	(30)
Repayment of lease liabilities		(588)	–
Proceeds from loan from a non-controlling interest		690	11,338
Proceeds from bank borrowings		–	69,750
Proceeds from loan from a shareholder		1,900	–
Capital contribution from non-controlling interests		–	400
Net cash flows generated from financing activities		1,070	79,852
Net increase/(decrease) in cash and cash equivalents		763	(6,915)
Cash and cash equivalents at beginning of the financial year		1,968	8,852
Effect of foreign currency translation on cash and cash equivalents		26	31
Cash and cash equivalents at end of the financial year	20	2,757	1,968

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 2020

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 30 Cecil Street #23-02 Prudential Tower, Singapore 049712. 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 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 members of the ultimate holding company's group of companies.

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 Note 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 $2,694,000 (2019: $5,933,000) for the financial year ended 31 March 2020. The Group's current assets of $132,089,000 (2019: $133,297,000) mainly comprised development properties amounting to $125,948,000 (2019: $124,020,000) as at 31 March 2020. The Company incurred a net loss of $78,429,000 (2019: net profit of $3,989,000) for the financial year ended 31 March 2020 and the Company is in a net current liabilities position of $39,266,000 (2019: net current assets of $840,000) as at 31 March 2020. The performance of the Group was affected by the challenging hospitality markets which have been severely and adversely impacted by the COVID-19 pandemic. There is uncertainty as to the duration and impact of the COVID-19 pandemic, and 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, including 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, requiring employees to take unpaid leave and/or annual leave, reducing the minimum consumption of energy and temporarily suspension of services that are not required during this period. In addition, the Group has also implemented a series of sales and marketing campaigns to generate some sales and cash flows during this period.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.1 ***Basis of preparation (cont'd)***

Going concern assumption (cont'd)

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 2019. Except for the adoption of SFRS (I) 16 Leases described below, the adoption of these new standards did not have any material effect on the financial performance or position of the Group.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases, SFRS(I) INT FRS 104 Determining whether an Arrangement contains a Lease, SFRS(I) INT FRS 15 Operating Leases-Incentives and SFRS(I) INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. The Group adopted SFRS(I) 16 using the modified retrospective method, under which right-of-use asset is measured on a lease-by-lease basis as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019. Under this approach the prior year comparative information presented for 2019 is not restated. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application. The effect of adopting SFRS(I) 16 as at 1 April 2019 was as follows:

	Group
	$'000
Increase in:	
Property, plant and equipment (Note 10)	815
Lease liabilities (Note 23)	815

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 2.23.

Leases previously accounted for as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS(I) 1-17). The requirements of SFRS(I) 16 were applied to these leases from 1 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.2 ***Adoption of new and amended standards and interpretations (cont'd)***

***SFRS(I) 16 Leases** (cont'd)*

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were measured at an amount equal to the lease liabilities, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;

- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;

- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;

- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019, right-of-use assets of $1,043,000 were recognised and presented within property, plant and equipment. This includes the existing leasehold land and buildings of $1,012,000 and office equipment of $31,000.

A reconciliation of the operating lease commitments as of 31 March 2019 and the lease liabilities as at 1 April 2019 are as follows:

	Group
	$'000
Operating lease commitments as at 31 March 2019	1,309
Less: commitments relating to short-term leases	(453)
Undiscounted operating lease commitments as at 1 April 2019	856
Weighted average incremental borrowing rate as at 1 April 2019	5.03%
Lease liabilities as at 1 April 2019	815

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

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**
Amendments to References to the Conceptual Framework in FRS standards	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of material*	1 January 2020
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
SFRS(I) 17 *Insurance contracts*	1 January 2021
Amendments to SFRS(I) 1-1: *Classification of liabilities as Current or Non-current*	1 January 2022
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of assets between an Investor and its Associate or Joint Venture*	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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) ***Business combinations and goodwill (cont'd)***

Non-controlling interest 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.

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.6 *Foreign currency (cont'd)*

(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 2.21. 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.

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 heading of revaluation surplus.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.8 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease 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. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.11 *Joint arrangements (cont'd)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(b) ***Financial liabilities (cont'd)***

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

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 *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.

2.19 *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.

2.20 *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.

2.21 *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.

2.22 *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 2020

2. Summary of significant accounting policies (cont'd)

2.22 *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.

2.23 *Leases*

These accounting policies are applied on and after the initial application date of SFRS(I) 16 on 1 April 2019:

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 asset

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.23 ***Leases (cont'd)***

(a) ***As lessee (cont'd)***

(ii) Lease liabilities (cont'd)

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.

(iii) Variable lease payments

For variable lease payments that do not depend on index or rate and are based on revenues of the underlying performance of the respective lease assets, such variable lease payments are recognised in profit or loss in the period in which the event that triggers the occurrence of payments.

(iv) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) ***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(h). Contingent rents are recognised as revenue in the period in which they are earned.

(c) ***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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.23 *Leases (cont'd)*

These accounting policies are applied before the initial application date of SFRS(I) 16 on 1 April 2019:

(a) ***As lessee***

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) ***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(h).

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved.

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

2.24 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.24 *Revenue (cont'd)*

(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) ***Cafe operations***

Revenue is recognised at a point in time as and when the goods are transferred and services are rendered.

(d) ***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.

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.

(e) ***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.

(f) ***Commission income***

Commission income is recognised at a point in time as and when the services are rendered.

(g) ***Assignment of distribution rights***

The revenue from the assignment of distribution rights is recognised at a point in time when the Group has transferred to the customer the significant risks and rewards of ownership of the distribution rights.

(h) ***Rental income***

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(i) ***Interest income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.25 ***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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.25 ***Taxes (cont'd)***

(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.

2.26 ***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.

2.27 ***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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

3. Significant accounting judgments and estimates (cont'd)

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 2020, the Group has significant properties which comprise development properties (carried at the lower of cost or net realisable value) amounting to $125,948,000 (2019: $124,020,000) and leasehold land and buildings (carried at cost model) amounting to $37,940,000 (2019: $40,966,000). 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.

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 amount 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). The Group engaged 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.

The carrying amount of the investment in joint venture as at 31 March 2020 is $101,073,000 (2019: $100,163,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

4. Revenue

(a) Disaggregation of revenue

Segments

	Real estate development and investment		Real estate origination and management services		Hospitality		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets								
Singapore	–	–	1,515	1,600	256	172	1,771	1,772
Indonesia	–	493	–	–	17,006	16,221	17,006	16,714
People's Republic of China	–	–	1,592	196	–	–	1,592	196
	–	493	3,107	1,796	17,262	16,393	20,369	18,682
Major product or service lines								
Management, coordination, consultancy and establishment fee	–	–	3,107	1,796	256	126	3,363	1,922
Room revenue	–	–	–	–	8,753	8,273	8,753	8,273
Food & beverage, Spa and other retail revenue	–	–	–	–	7,125	6,940	7,125	6,940
Cafe operations	–	–	–	–	–	46	–	46
Sale of development properties	–	493	–	–	–	–	–	493
Others	–	–	–	–	1,128	1,008	1,128	1,008
	–	493	3,107	1,796	17,262	16,393	20,369	18,682
Timing of transfer of goods or services								
At a point in time	–	493	–	–	8,253	7,994	8,253	8,487
Over time	–	–	3,107	1,796	9,009	8,399	12,116	10,195
	–	493	3,107	1,796	17,262	16,393	20,369	18,682

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

4. Revenue (cont'd)

(b) Contract liabilities

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

	Group	
	2020	**2019**
	$'000	$'000
Sales proceeds received in advance	2,986	1,341

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	
	2020	**2019**
	$'000	$'000
Revenue recognised that was included in the contract liability balance at beginning of the year	–	250

5. Other operating income

	Group	
	2020	**2019**
	$'000	$'000
Net foreign exchange gains	488	–
Government grants received	11	15
Interest income from third parties	10	25
Interest income from an associate	–	47
Interest income from notes receivable	5	40
Bad debts recovered	–	9
Gain on strike-off of subsidiaries	–	2
Other income	534	108
	1,048	246

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

6. Finance costs

	Group	
	2020	**2019**
	$'000	$'000
Interest expense:		
- Bank loans	2,661	1,301
- Loan from shareholder	2,597	2,590
- Loan from ultimate holding company	18	–
- Lease liabilities	39	–
- Others	448	86
	5,763	3,977
Less: Amount capitalised in development properties (Note 15)	(1,765)	(517)
	3,998	3,460

7. Income tax credits

Major components of income tax credits

The major components of income tax credits for the years ended 31 March 2020 and 2019 are:

	Group	
	2020	**2019**
	$'000	$'000
Consolidated statement of profit or loss and other comprehensive income		
Income taxes		
- Current income taxation	–	1,898
- (Over)/Under provision in prior years	(153)	200
Deferred tax		
- Origination and reversal of temporary differences	77	(2,283)
Income tax credits recognised in profit or loss	(76)	(185)
Deferred income tax related to other comprehensive income:		
- Net surplus on revaluation of property held by a joint venture	–	1,988

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

7. Income tax credits (cont'd)

Relationship between income tax credits and accounting loss

A reconciliation between income tax credits and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2020 and 2019 is as follows:

	Group	
	2020	**2019**
	$'000	$'000
Loss before tax	(2,770)	(6,118)
Tax at 17% (2019: 17%)	(471)	(1,040)
Adjustments:		
Non-deductible expenses	1,155	929
Income not subjected to tax	(345)	(1,156)
Effect of partial tax exemption and tax relief	(17)	(17)
Utilisation of previously unrecognised tax losses	–	(775)
Deferred tax assets not recognised	826	2,369
Tax losses not available to be carried forward	28	131
(Over)/Under provision of tax in prior years	(153)	200
Different tax rates of subsidiaries operating in other jurisdictions	(623)	(259)
Tax effect on share of results from investments in associates	(16)	(72)
Tax effect on share of results from investment in a joint venture	(253)	(661)
Others	(207)	166
	(76)	(185)

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

At the end of the reporting period, the unutilised tax losses, capital allowances and approved donations of $42,569,000 (2019: $37,696,000), $Nil (2019: $3,000) and $351,000 (2019: $365,000) 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 (2019: $14,810,000) which will expire in 2021 – 2025 (2019: 2020 – 2024). The donations of $351,000 (2019: $365,000) will expire in 2021 – 2023 (2019: 2020 – 2023).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

8. Loss after tax

Loss after tax has been arrived at after charging:

	Group 2020 $'000	Group 2019 $'000
Directors' remuneration:		
- of the Company	1,296	1,733
- of the subsidiaries	677	733
	1,973	2,466
Directors' fees	177	157
Employee benefits expense (including directors' remuneration)	3,709	4,828
Defined contribution plans (included in employee benefits expense)	231	354
Audit fees:		
- Paid to auditors of the Company	223	228
- Paid to other auditors	22	10
Impairment loss on financial assets (trade and other receivables):		
- Bad debts written-off	–	313
Depreciation of property, plant and equipment (Note 10)	2,991	2,784
Operating lease expense (Note 23 and Note 34)	198	879
Cost of inventories recognised as expenses	3,531	3,365
Cost of development properties recognised as expenses	–	300
Loss on disposal of property, plant and equipment	5	–
Loss on strike-off of subsidiaries	4	–
Property, plant and equipment written-off	–	45
Inventories written-off	–	20

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 2020	Group 2019
Loss attributable to owners of the Company ($'000)	(1,766)	(5,667)
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)	(0.16)	(0.51)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

10. Property, plant and equipment

	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 $'000	Machinery and equipment $'000	Assets under con-struction $'000	Total $'000
Group											
Cost											
At 1 April 2018	36,205	1,426	2,572	1,200	60	225	4,577	657	15	6,377	53,314
Additions	3,886	172	134	95	–	2	103	165	47	62	4,666
Disposals	(493)	–	–	(36)	–	–	–	–	–	–	(529)
Write-offs	(1,003)	–	(17)	–	–	(34)	–	–	–	–	(1,054)
Transfers	8,200	204	662	–	–	–	(2,809)	–	6	(6,263)	–
Exchange differences	(425)	(128)	6	(187)	(13)	(78)	(343)	(30)	–	(176)	(1,374)
At 31 March 2019 (as previously stated)	46,370	1,674	3,357	1,072	47	115	1,528	792	68	–	55,023
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
Accumulated depreciation											
At 1 April 2018	4,617	1,039	2,215	775	60	197	2,134	598	8	–	11,643
Depreciation	1,760	339	194	130	–	7	175	166	13	–	2,784
Disposals	(493)	–	–	(36)	–	–	–	–	–	–	(529)
Write-offs	(1,003)	–	(6)	–	–	–	–	–	–	–	(1,009)
Transfers	1,365	–	–	–	–	–	(1,365)	–	–	–	–
Exchange differences	(842)	(87)	(54)	(178)	(13)	(98)	(152)	(16)	–	–	(1,440)
At 31 March 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
Net carrying amount											
At 31 March 2020	37,940	184	730	310	–	43	708	458	43	–	40,416
At 31 March 2019	40,966	383	1,008	381	–	9	736	44	47	–	43,574

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

10. Property, plant and equipment (cont'd)

	Computers
	$'000
Company	
Cost	
At 1 April 2018, 31 March 2019 and 31 March 2020	5
Accumulated depreciation	
At 1 April 2018	2
Depreciation	3
At 31 March 2019 and 31 March 2020	5
Net carrying amounts	
At 31 March 2020	–
At 31 March 2019	–

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 $155,000 (2019: $233,000). The cash outflow on acquisition of property, plant and equipment in 2020 amounted to $2,130,000 (2019: $4,666,000).

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 $37,940,000 (2019: $40,966,000) are mortgaged to secure the Group's bank borrowings (Note 21).

11. Investments in subsidiaries

	Company	
	2020	**2019**
	$'000	$'000
Unquoted shares, at cost	253,571	250,744
Less: Allowance for impairment	(174,976)	(105,844)
	78,595	144,900
Loans and receivables		
Amount due from a subsidiary	72,276	81,294
Carrying amount of investments in subsidiaries	150,871	226,194

The amount due from a subsidiary is interest-free and repayable at the discretion of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

11. Investments in subsidiaries (cont'd)

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

	Company	
	2020	**2019**
	$'000	$'000
Balance at beginning of the year	105,844	105,844
Charged to profit or loss	76,305	–
Write-offs	(7,173)	–
Balance at end of the year	174,976	105,844

During the year, the write-offs were related to the strike-off of subsidiaries. The allowance for impairment for 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 reorganisation of subsidiaries, lower property valuations and losses recorded during the year.

(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**	
		2020	**2019**
		%	%
Held by the Company			
Scorpio East Entertainment Pte. Ltd. (6)	Dormant/ Singapore	–	100
Scorpio East Pictures Pte. Ltd. (6)	Dormant/ Singapore	–	100
Scorpio East Productions Pte. Ltd. (6)	Dormant/ Singapore	–	52.63
KOP Properties Pte. Ltd. (1)	Investment holding and business management consultancy services/ Singapore	100	100
Wintastar Holdings Pte. Ltd. (1) (4)	Investment holding and business management consultancy services/ Singapore	100	–
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 (2)	Development and provision of resort services/ Indonesia	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

11. Investments in subsidiaries (cont'd)

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

Name	Principal activity/ Place of incorporation	Effective equity held by the Group	
		2020	2019
		%	%
Subsidiaries held by KOP Properties Pte. Ltd. (cont'd)			
Montigo Resorts Pte. Ltd. (1)	Management of hotels with restaurants/ Singapore	100	100
The Cranley Hotel (IOM) Limited (2) (8)	Property holding/ Isle of Man	85	85
Gramercy Properties Pte. Ltd. (1) (10)	Real estate development/ Singapore	82.81	82.81
KOP Properties (HK) Limited (2) (7)	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. (1)	Real estate operation and management services/ Singapore	100	100
Wintastar Holdings Pte. Ltd. (1) (4)	Investment holding and business management consultancy services/ Singapore	–	100
Dalvey Breeze Pte. Ltd. (1)	Investment holding/ Singapore	100	100
Subsidiary held by Gramercy Properties Pte. Ltd.			
P.T. Montigo Seminyak (2) (10)	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) (7)	Property management and consultancy/ People's Republic of China	51	51
Subsidiaries held by Montigo Resorts Pte. Ltd.			
Montigo Resorts Kazakhstan Pte. Ltd. (6)	Investment holding/ Singapore	–	50
Cafe Montigo Pte. Ltd. (1)	Cafes and coffee houses/ Singapore	60	60
Montigo Hospitality (Shanghai) Co., Ltd. (3) (5)	Hotel and property management/ People's Republic of China	100	–

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For the financial year ended 31 March 2020

11. Investments in subsidiaries (cont'd)

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

Name	Principal activity/ Place of incorporation	Effective equity held by the Group 2020 %	2019 %
Subsidiaries held by The Cranley Hotel (IOM) Limited			
CHL Hotel Limited (2) (8)	Provision of hotel services/ United Kingdom	85	85
Subsidiary held by Dalvey Breeze Pte. Ltd.			
Dalvey Breeze Development Pte. Ltd. (1)	Real estate developers/ Singapore	60	60
Subsidiaries held by Wintastar Holdings Pte. Ltd.			
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) (9)	Investment holding and operation and management services for real estate development/ Singapore	100	85
KOP Properties Operation and Management (Shanghai) Co., Ltd. (2)	Business management and consultancy/ People's Republic of China	100	100
Wintastar (Shanghai) Co., Ltd. (3) (5)	Business management and consultancy/ People's Republic of China	100	–
Subsidiary held by Wintastar Real Estate Pte. Ltd.			
KOP Northern Lights Pte. Ltd. (1)	Investment holding and real estate development/ Singapore	100	100
Subsidiary held by Wintastar Operations Pte. Ltd.			
WS Shanghai Operations Pte. Ltd. (1)	Investment holding and business management consultancy services/ Singapore	100	100
Subsidiary held by Wintastar Concepts Pte. Ltd.			
KOP Winterland Operation and Management (Shanghai) Co., Ltd. (2) (9)	Investment management and consultancy/ People's Republic of China	85	85

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For the financial year ended 31 March 2020

11. Investments in subsidiaries (cont'd)

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

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by other auditors.

(3) Not audited as the subsidiary is dormant in the year of incorporation.

(4) Transfer of 100% equity interest during the financial year.

(5) Incorporated during the financial year.

(6) Struck off during the financial year.

(7) Collectively known as "KOP HK Group".

(8) Collectively known as "Cranley Group".

(9) Collectively known as "Wintastar Concepts Group".

(10) Collectively known as "Gramercy Group".

(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	
		2020	**2019**	**2020**	**2019**	**2020**	**2019**
		%	%	$'000	$'000	$'000	$'000
Cranley Group	United Kingdom	15.00	15.00	(183)	(33)	1,872	2,059
KOP HK Group	Hong Kong & People's Republic of China	49.00	49.00	(19)	(18)	(2,481)	(2,353)
Scorpio East Productions Pte. Ltd.	Singapore	–	47.37	–	(8)	–	–
Wintastar Concepts Group	Singapore & People's Republic of China	–	15.00	6	(72)	–	(420)
Gramercy Group	Singapore & Indonesia	17.19	17.19	(143)	(195)	2,959	3,510
Dalvey Breeze Development Pte. Ltd.	Singapore	40.00	40.00	(433)	(8)	1,368	1,743
Individual subsidiaries with immaterial non-controlling interests				(156)	68	(132)	19
				(928)	(266)	3,586	4,558

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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.	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Summarised balance sheets										
Current										
Assets	15,356	15,399	229	222	–	263	17,718	1,594	102,901	98,502
Liabilities	(2,873)	(1,670)	(5,340)	(5,073)	–	(3,067)	(24,735)	(6,659)	(19,001)	(27,773)
Net current assets/(liabilities)	12,483	13,729	(5,111)	(4,851)	–	(2,804)	(7,017)	(5,065)	83,900	70,729
Non-current										
Assets	–	–	48	49	–	5	31,372	34,187	4	–
Liabilities	–	–	–	–	–	–	(7,139)	(8,703)	(80,484)	(66,372)
Net non-current assets/ (liabilities)	–	–	48	49	–	5	24,233	25,484	(80,480)	(66,372)
Net assets/(liabilities)	12,483	13,729	(5,063)	(4,802)	–	(2,799)	17,216	20,419	3,420	4,357
Summarised statement of profit or loss and other comprehensive income										
Revenue	–	–	–	–	–	–	5,215	3,911	–	–
(Loss)/Profit after tax	(1,222)	(223)	(39)	(37)	43	(480)	(833)	(2,484)	(1,083)	(21)
Other comprehensive income	(25)	(227)	(222)	(104)	–	(2)	(2,735)	(132)	–	–
Total comprehensive income	(1,247)	(450)	(261)	(141)	43	(482)	(3,568)	(2,616)	(1,083)	(21)
Other summarised information										
Net cash flow from operations	1	3	–	(2)	–	(634)	1,144	4,831	(1,003)	(97,587)
Net cash flow from investing	–	–	–	–	–	(5)	(1,143)	(3,325)	(4)	–
Net cash flow from financing	–	–	–	–	–	583	(901)	(1,606)	2,358	98,094

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

11. Investments in subsidiaries (cont'd)

(d) Disposal in shares in subsidiary without a change in control

On 10 July 2018, the Group received a notice from the individual lender indicating his intention to convert the loan into shares in a subsidiary, Gramercy Properties Pte. Ltd.. Accordingly, in accordance with the terms and the conversion formula set up in the loan deed which takes into account, inter alia, the net tangible asset of Gramercy Properties Pte. Ltd. and its subsidiary, and the loan and the accrued interest, the Group would dispose 17.19% interest in Gramercy Properties Pte. Ltd. to the individual lender.

The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

	2019
	$'000
Loan and accrued interest converted into 17.19% ownership interest	4,157
Net assets attributable to NCI	(3,705)
Increase in equity attributable to the Group	452
Represented by:	
Other reserves	452
Increase in equity attributable to the Group	452

(e) 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.*

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

12. Investments in associates

	Group	
	2020	**2019**
	$'000	$'000
Cost of investments [1]	600	600
Share of post-acquisition profit and losses, net of dividend received	343	246
	943	846

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**	
			2020	**2019**
			%	%
Art Heritage Singapore Pte. Ltd. [3]	Art and cultural exhibitions	Singapore	20	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 Ernst & Young LLP, Singapore.

(3) Liquidated subsequent to year end.

The Group has recognised its share of losses in Art Heritage Singapore Pte. Ltd. amounting to $600,000 (2019: $600,000).

The Group has not recognised losses relating to Art Heritage Singapore Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $2,191,000 (2019: $2,191,000). There was no (2019: $Nil) share of losses in this associate for the year. The Group has no obligation in respect of these losses.

No dividend (2019: $8,250,000) was declared from Epic Land during the financial year ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

12. Investments in associates (cont'd)

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	
	2020	**2019**
	$'000	$'000
Summarised balance sheet		
Current assets	8,801	13,726
Non-current assets	–	–
Total assets	8,801	13,726
Current liabilities	(5,031)	(10,343)
Non-current liabilities	–	–
Total liabilities	(5,031)	(10,343)
Net assets	3,770	3,383
Proportion of the Group's ownership interest in Epic Land	25%	25%
Carrying amount of the Group's ownership interest in Epic Land	943	846
Summarised statement of profit or loss and other comprehensive income		
Revenue	–	13,612
Profit for the year, representing total comprehensive income for the year	387	1,706

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**	
			2020	**2019**
			%	%
Shanghai Snow Star Properties Co., Ltd ("Snow Star") (1)	Investment management and consultancy	People's Republic of China	30	30
Shanghai Jiayi Operations and Management Co., Ltd. (2)	Business management and consultancy	People's Republic of China	55	–

(1) Audited by other auditor.
(2) Not audited as the joint venture is dormant in the year of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

13. Investments in joint ventures (cont'd)

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:

	2020	**2019**
	$'000	$'000
Summarised balance sheet		
Current assets	1,227	3,338
Includes:		
- Cash and bank balances	944	3,135
Current liabilities	5,002	2,794
Includes:		
- Other current liabilities (including trade and other payables)	4,778	2,794
Non-current assets (1)	506,448	417,735
Non-current liabilities	154,910	73,549
Net assets	347,763	344,730
Proportion of the Group's ownership interest	30%	30%
Group's share of net assets	104,329	103,419
Consolidation adjustment arising from transaction with a joint venture	(3,256)	(3,256)
Carrying amount of the investment in a joint venture	101,073	100,163

(1) The Group's joint venture company has an investment property amounting to $490,728,000 (2019: $415,235,000), 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 2020

13. Investments in joint ventures (cont'd)

	2020	2019
	$'000	$'000
Summarised statement of profit or loss and other comprehensive income		
Revenue	–	–
Interest income	–	24
Fair value gain on investment property	6,696	17,312
Expenses	(67)	(46)
Includes:		
- Finance costs	(24)	–
Profit before tax	6,629	17,290
Income tax expenses	(1,674)	(4,328)
Profit after tax	4,955	12,962
Other comprehensive income:		
- Exchange difference on translation of foreign operations	(1,922)	(9,575)
- Revaluation to fair value of property	–	132,518 (1)
Total comprehensive income	3,033	135,905

(1) The Group's share of gain on property revaluation of a joint venture is $37,768,000 (net of deferred tax of $1,988,000 (Note 14)).

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 1 April 2018	(99)
Charged to profit or loss	59
At 31 March 2019 and 1 April 2019	(40)
Exchange differences	(1)
At 31 March 2020	(41) (1)

(1) 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 2020

14. Deferred tax (cont'd)

(b) ***Deferred tax liabilities***

	Accelerated tax depreciation over accounting depreciation	Deferred tax on gain from sale of a property	Others	Accrued income	Revaluation to fair value of property	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
At 1 April 2018	162	1,462	729	363	–	2,716
(Credited)/Charged to profit or loss	(7)	(1,438)	(729)	(363)	195	(2,342)
Other comprehensive income	–	–	–	–	1,988	1,988
Exchange differences	–	(24)	–	–	–	(24)
At 31 March 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

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2019: $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 2020 and 2019 attached to the dividends to the shareholders proposed by the Company and hence no liability has been recognised in the financial statements.

15. Development properties

Development properties consist of unsold properties under development.

	Group	
	2020	**2019**
	$'000	$'000
Completed properties held for sale	14,650	16,741
Properties under development	111,298	107,279
	125,948	124,020

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For the financial year ended 31 March 2020

15. Development properties (cont'd)

Development properties were analysed as follows:

	Group	
	2020	2019
	$'000	$'000
Land and other related costs	98,411	95,355
Development cost, related overhead expenditure and financing costs incurred to-date	52,897	63,759
Cost of development properties	151,308	159,114
Transferred to cost of sales	(25,360)	(35,094)
	125,948	124,020

The interest expense capitalised during the financial year amounted to $1,765,000 (2019: $517,000) (Note 6).

All development properties are pledged as securities for bank borrowings (Note 21). Borrowing costs capitalised during the financial year 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 2021
Residential	Lot 1086C of Town Subdivision 25 at 105 to 111 (odd no.) Dalvey Road Singapore	Freehold	55,481	49,072	–	December 2022

16. Inventories

	Group	
	2020	2019
	$'000	$'000
Supplies and consumables	412	531

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 2020

17. Trade and other receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Trade receivables				
- Third parties	535	704	–	–
- Related companies	–	473	–	–
- Related parties	18	18	–	–
- Joint venture	76	115	–	–
	629	1,310	–	–
Other receivables				
- Third parties	1,307	1,864	17	*
- Related companies	24	143	–	–
- Subsidiaries	–	–	1,615	2,357
	1,331	2,007	1,632	2,357
Total trade and other receivables	1,960	3,317	1,632	2,357
Add:				
Notes receivable (Note 19)	–	1,829	–	–
Other current assets, excluding prepayments (Note 18)	244	192	*	*
Cash and bank balances (Note 20)	3,139	2,864	11	38
Total financial assets carried at amortised cost	5,343	8,202	1,643	2,395

* *Amount is less than one thousand.*

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

	Group	
	2020	**2019**
	$'000	$'000
United States Dollar	147	323
Great Britain Pounds	634	635
Indonesian Rupiah	266	1,467
China Renminbi	443	–

Trade receivables

The average credit period on sale of goods and rendering of services ranges between 30 to 90 days (2019: 30 to 90 days). No interest is charged on the overdue balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
At beginning of the year	155	155	–	1,276
Written off	–	–	–	(1,276)
At end of the year	155	155	–	–

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
At beginning of the year	1,358	1,358	149	4,837
Charge for the year	–	–	–	58
Written off	–	–	–	(4,746)
At end of the year	1,358	1,358	149	149

18. Other current assets

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Deposits	244	192	*	*
Prepayments	386	544	12	17
	630	736	12	17

* *Amount is less than one thousand.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

19. Notes receivable

	Group	
	2020	**2019**
	$'000	$'000
Notes receivable	–	1,829
Less: Notes receivable due for settlement within next 12 months	–	(1,829)
Notes receivable due for settlement after 12 months	–	–

Notes receivable was due from Royce Properties Pte. Ltd. ("Royce"), a company owned by KOP Group Pte. Ltd., which is the ultimate holding company of the Company. The notes receivable was interest-bearing at 8.0% (2019: 8.0%) per annum, secured against the underlying development properties of Royce subject to the full satisfaction of the bank borrowings of Royce and repayable on 16 December 2019.

During the financial year ended 31 March 2020, notes receivable amounting to $1,834,000 (31 March 2019: $8,000,000), was fully redeemed and settled by cash.

20. Cash and bank balances

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	2,757	1,968	11	38
Funds placed in escrow accounts	382	896	–	–
	3,139	2,864	11	38

As at 31 March 2020, the Group's cash and cash equivalents of $1,800,000 (2019: $Nil) 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	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
United States Dollar	454	970	–	–
Hong Kong Dollar	11	10	–	–
China Renminbi	52	105	–	–
Great Britain Pounds	2	2	–	–
Indonesian Rupiah	71	546	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Cash and bank balances	3,139	2,864	11	38
Less: Restricted funds placed in escrow accounts	(382)	(896)	–	–
Cash and cash equivalents in the consolidated cash flow statement	2,757	1,968	11	38

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	
	2020	**2019**
	$'000	$'000
Current		
Fixed rate bank loan	2,392	1,749
Non-current		
Fixed rate bank loan	7,139	8,722
Variable rate bank loan	69,544	69,450
	76,683	78,172
Total bank borrowings (secured)	79,075	79,921

The Group's bank borrowings comprise the followings:

(a) ***Fixed rate bank loan***

The fixed rate bank loan represents the 7-year USD term loan of $9,531,000 (2019: $10,471,000) bears interest at 7.00% (2019: 7.00%) per annum and matures in June 2023. The loan is secured by legal mortgage of the leasehold land and building of the 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.

(b) ***Variable rate bank loan***

The variable rate bank loan represents SGD land and construction loan bore interest at 1.40% per annum over and above the prevailing SIBOR rate. The loans were 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 maximum facility of the land and construction loans amounted to $69,750,000 and $15,000,000 respectively. As at 31 March 2020, the Group has fully drawdown on the land loan but has not drawdown on the construction loan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

21. Bank borrowings (secured) (cont'd)

(b) ***Variable rate bank loan (cont'd)***

The loan was secured by legal mortgage of the development property of the Group's subsidiary (Note 15) and proportion guarantee from the Company (Note 32).

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

			Non-cash changes			
	1 April 2019	**Cash flows, net**	**Reclassifi-cation**	**Foreign exchange movement**	**Others**	**31 March 2020**
	$'000	$'000	$'000	$'000	$'000	$'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

			Non-cash changes			
	1 April 2018	**Cash flows, net**	**Reclassifi-cation**	**Foreign exchange movement**	**Others**	**31 March 2019**
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Bank borrowings	1,131	(1,471)	2,049	40	–	1,749
Finance leases (Note 22)	30	(30)	31	–	–	31
Loans from shareholders (Note 25)	37,000	–	(37,000)	–	–	–
Non-current						
Bank borrowings	10,125	69,750	(2,049)	346	–	78,172
Finance leases (Note 22)	177	–	(31)	–	–	146
Loans from shareholders (Note 25)	–	–	37,000	–	–	37,000
Loan from a non-controlling interest (Note 26)	–	11,338	–	–	(1,351)	9,987

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

22. Finance leases

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Amount payable under finance leases:				
Within one year	39	39	33	31
Between two to five years	121	157	113	143
After five years	–	3	–	3
	160	199	146	177
Less: Future finance charges	(14)	(22)	–	–
Present value of lease obligations	146	177	146	177
Less: Amount due for settlement within 12 months (shown under current liabilities)			(33)	(31)
Amount due for settlement after 12 months			113	146

The Group has finance lease for motor vehicles. The term of the finance lease is 7 years (2019: 7 years) and bears interest rate of 2.58% per annum (2019: 2.58% per annum). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

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

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

	Leasehold land and buildings	Office equipment	Total
	$'000	$'000	$'000
Cost			
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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

23. Leases (cont'd)

(b) The table below sets out the carrying amount of lease liabilities and the movements during the period:

	Group
	2020
	$'000
At beginning of the year	815
Additions	240
Accretion of interest	39
Payments	(588)
At end of the year	506
Current	428
Non-current	78
Total lease liabilities	506

(c) Amounts recognised in profit or loss

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

(d) Total cash outflows

The Group had total cash outflows for leases of $588,000 for the financial year ended 31 March 2020.

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For the financial year ended 31 March 2020

24. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade payables	3,570	3,890	–	–
Accrued operating expenses	2,281	2,395	789	803
Advances from non-controlling interests	1,597	2,014	–	–
Deposits received (1)	461	659	–	–
Amounts due to directors	1,006	714	1,006	714
Amounts due to ultimate holding company	15	–	–	–
Amounts due to related companies	1	1	–	–
Other payables	3,215	859	226	51
	12,146	10,532	2,021	1,568
Trade and other payables (excluding non-refundable deposits)	11,685	9,873	2,021	1,568
Add:				
Bank borrowings (secured) (Note 21)	79,075	79,921	–	–
Finance leases (Note 22)	146	177	–	–
Lease liabilities (Note 23)	506	–	–	–
Loans from shareholders (Note 25)	38,900	37,000	38,900	37,000
Loan from a non-controlling interest (Note 26)	10,941	9,987	–	–
Total financial liabilities carried at amortised cost	141,253	136,958	40,921	38,568

(1) The deposits received include non-refundable deposits of $461,000 (2019: $659,000) mainly received from resort guests.

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

	Group	
	2020	2019
	$'000	$'000
United States Dollar	1,599	1,501
Hong Kong Dollar	49	46
China Renminbi	247	182
Great Britain Pounds	1,414	198
Euros	328	–
Indonesian Rupiah	4,884	5,492

Trade payables/Other payables

The average credit period on purchases of goods and services ranges between 30 to 120 days (2019: 30 to 120 days). No interest is charged on the overdue balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

24. Trade and other payables (cont'd)

Amounts due to ultimate holding company, related companies and subsidiaries

The non-trade payables due to ultimate holding company, related companies and subsidiaries 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 (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 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 paid within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

27. Share capital

	Group and Company		Company	
	2020	2019	2020	2019
	Number of ordinary shares [1]		$'000	$'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	
	2020	2019
	$'000	$'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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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	
	2020	**2019**
	$'000	$'000
Ultimate holding company		
Loan	1,900	–
License fee	1	1
Interest expense	18	–
Related companies		
Management fee income	(420)	–
Interest income from notes receivable	(5)	(40)
Associates		
Management fee income	–	(1,400)
Interest income	–	(47)
Joint venture		
Consultancy fee income	(1,150)	(126)
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	15	22
Guarantors fee	292	1,114
Transactions with shareholder of the Company		
Interest expense	2,597	2,590

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 2020

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	
	2020	**2019**
	$'000	$'000
Short-term employee benefits	2,089	2,534
Central Provident Fund contributions	61	89
	2,150	2,623

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	
	2020	**2019**
	$'000	$'000
Corporate guarantee to financial institutions for subsidiary's banking facilities	41,850	41,850
Corporate guarantee to financial institutions for joint venture's banking facilities	31,656	7,772
	73,506	49,622

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 Groups 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 has received the judgement that the judge dismissed all claims against the Company's Directors and subsidiaries.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

32. Contingent liabilities (cont'd)

Legal claims (cont'd)

(b) In 2018, the Group received a notice from 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.

Subsequent to year end, the plaintiff has appealed to Court of Batam and the Court of Batam has rejected the appeal. Thereafter, the plaintiff filed another appeal and pending with the judgement.

The Directors are of the view that there are no merits to the claim and thus no provision of the claim is required for the financial year ended 31 March 2020.

33. Commitments

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

	Group	
	2020	**2019**
	$'000	$'000
Development properties	27,314	4,089
Consultancy fee for real estate development and investment project	639	888
	27,953	4,977

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

34. Operating lease arrangements

The Group as Lessee

The Group has entered into commercial leases on certain motor vehicles, equipment, warehouses and offices. The leases have an average tenure between one and three years.

	Group
	2019
	$'000
Minimal lease payments under operating leases recognised as an expense in the year	879

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For the financial year ended 31 March 2020

34. Operating lease arrangements (cont'd)

The Group as Lessee (cont'd)

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group
	2019
	$'000
Within one year	748
Between two to five years	561
	1,309

35. 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 2020

35. 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 assets and 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 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
31 March 2019					
Assets:					
Notes receivable	–	–	1,834	1,834	1,829
Liabilities:					
Bank borrowings (secured):					
- Fixed rate bank loan	–	–	10,009	10,009	10,471
- Variable rate bank loan	–	–	64,536	64,536	69,450
Finance leases	–	–	199	199	177
Loan from a shareholder	–	–	38,004	38,004	37,000
Company					
31 March 2020					
Liabilities:					
Loans from shareholders	–	–	40,497	40,497	38,900
31 March 2019					
Liabilities:					
Loan from a shareholder	–	–	38,004	38,004	37,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

35. Fair value of assets and liabilities (cont'd)

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

Determination of fair value

Notes receivable, 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.

36. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

36. Segment information (cont'd)

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

	Real estate development and investment $'000	Real estate origination and management services $'000	Hospitality $'000	Entertainment $'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 investment in a joint venture	–	1,487	–	–	–	–	1,487
Reportable (loss)/profit	(1,185)	2,059	885	–	(4,529)	–	(2,770)
Income tax credit	–	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
Investment in a joint venture	–	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

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For the financial year ended 31 March 2020

36. Segment information (cont'd)

	Real estate development and investment	Real estate origination and management services	Hospitality	Entertainment	Corporate office	Inter-segment eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31 March 2019							
Revenue							
Revenue from external customers	493	1,796	16,393	–	–	–	18,682
Inter-segment revenue	–	–	–	–	2,400	(2,400)	–
	493	1,796	16,393	–	2,400	(2,400)	18,682
Results							
Segment results	(673)	(2,051)	(124)	8	(4,134)	–	(6,974)
Finance costs	–	(9)	(861)	–	(2,590)	–	(3,460)
Share of results from investments in associates	427	–	–	–	–	–	427
Share of results from investment in a joint venture	–	3,889	–	–	–	–	3,889
Reportable (loss)/profit	(246)	1,829	(985)	8	(6,724)	–	(6,118)
Income tax (expense)/ credit	(75)	412	(152)	–	–	–	185
(Loss)/Profit for the year	(321)	2,241	(1,137)	8	(6,724)	–	(5,933)
Other information							
Interest income	47	51	14	–	–	–	112
Depreciation of property, plant and equipment	(425)	(175)	(2,181)	–	(3)	–	(2,784)
Bad debts written-off	–	–	(313)	–	–	–	(313)
Property, plant and equipment written-off	–	–	(45)	–	–	–	(45)
Inventories written-off	–	–	(20)	–	–	–	(20)
Gain on strike-off of subsidiaries	–	–	–	2	–	–	2
Reportable segments assets	123,258	103,993	50,613	–	56	–	277,920
Reportable segments assets included:							
Investments in associates	846	–	–	–	–	–	846
Investment in a joint venture	–	100,163	–	–	–	–	100,163
Additions to non-current assets	27	62	4,577	–	–	–	4,666
Reportable segments liabilities	82,676	5,807	16,434	–	38,573	–	143,490

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

36. 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	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Singapore	1,771	1,772	1,569	1,260
Indonesia	17,006	16,714	39,618	43,106
People's Republic of China	1,592	196	101,245	100,217
	20,369	18,682	142,432	144,583

37. 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, polices 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	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
United States Dollars	601	1,294	(11,130)	(11,972)

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.

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For the financial year ended 31 March 2020

37. Financial risk management objectives and policies (cont'd)

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

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 profit before tax to a 5% (2019: 3%) increase and decrease in the relevant foreign currencies against the functional currency of each of the Group's entity, with all other variables held constant.

	Group	
	2020	**2019**
	$'000	$'000
Impact on profit before tax:		
United States Dollars	(526)	(320)

The opposite applies if the relevant foreign currencies were to weaken by 5% (2019: 3%) against the functional currency of each Group's entity.

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 2020, 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 profit before tax would have been $348,000 higher/lower (2019: Nil). 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).

(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.

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For the financial year ended 31 March 2020

37. Financial risk management objectives and policies (cont'd)

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

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.

(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	**Financial assets at amortised cost**
	$'000	$'000
As at 1 April 2018	1,513	91
Loss allowance measured during the financial year		
12-month ECL	–	58
Lifetime ECL	–	–
As at 31 March 2019	1,513	149
Loss allowance measured during the financial year		
12-month ECL	–	–
Lifetime ECL	–	–
As at 31 March 2020	1,513	149

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. Financial risk management objectives and policies (cont'd)

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

(i) Financial assets at amortised cost (cont'd)

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

		Group		Company	
		2020	**2019**	**2020**	**2019**
		$'000	$'000	$'000	$'000
12-month ECL	Other receivables	2,689	3,365	1,781	2,506
Lifetime ECL	Trade receivables	784	1,465	–	–
	Total	3,473	4,830	1,781	2,506

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

(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 2020				
Up to 30 days	31	–	–	–
31 to 60 days	–	–	–	–
61 to 90 says	–	–	–	–
91 to 120 days	–	–	–	–
More than 120 days	155	155	–	–
	186	155	–	–
At 31 March 2019				
Up to 30 days	18	–	–	–
31 to 60 days	–	–	–	–
61 to 90 says	–	–	–	–
91 to 120 days	–	–	–	–
More than 120 days	628	155	–	–
	646	155	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. Financial risk management objectives and policies (cont'd)

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

(ii) Trade receivables (cont'd)

Indonesia

	Group		Company	
	Gross carrying amount	**Loss allowance provision**	**Gross carrying amount**	**Loss allowance provision**
	$'000	$'000	$'000	$'000
At 31 March 2020				
Up to 30 days	4	–	–	–
31 to 60 days	12	–	–	–
61 to 90 says	65	–	–	–
91 to 120 days	1	–	–	–
More than 120 days	73	–	–	–
	155	–	–	–
At 31 March 2019				
Up to 30 days	563	–	–	–
31 to 60 days	15	–	–	–
61 to 90 says	3	–	–	–
91 to 120 days	2	–	–	–
More than 120 days	117	–	–	–
	700	–	–	–

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 collaterised upon.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. Financial risk management objectives and policies (cont'd)

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

(ii) Trade receivables (cont'd)

Others

	Group		Company	
	Gross carrying amount	**Loss allowance provision**	**Gross carrying amount**	**Loss allowance provision**
	$'000	$'000	$'000	$'000
At 31 March 2020				
Up to 30 days	439	–	–	–
31 to 60 days	–	–	–	–
61 to 90 says	–	–	–	–
91 to 120 days	–	–	–	–
More than 120 days	4	–	–	–
	443	–	–	–
At 31 March 2019				
Up to 30 days	115	–	–	–
31 to 60 days	–	–	–	–
61 to 90 says	–	–	–	–
91 to 120 days	–	–	–	–
More than 120 days	4	–	–	–
	119	–	–	–

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

(iii) 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 $73,506,000 (2019: $49,622,000). 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 2020

37. 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 and the notes receivable as disclosed in Note 19 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			
	2020		**2019**	
	$'000	% of total	$'000	% of total
By country:				
Singapore	107	17	491	37
Indonesia	155	25	700	53
Other countries	367	58	119	10
	629	100	1,310	100
By industry sector:				
Real estate development and investment	195	31	308	24
Real estate origination and management services	396	63	491	37
Hospitality	38	6	511	39
	629	100	1,310	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. 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 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 32% (2019: 1%) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. Financial risk management objectives and policies (cont'd)

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

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 $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
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)
31 March 2019				
Financial assets:				
Trade and other receivables	3,317	–	–	3,317
Other current assets, excluding prepayments	192	–	–	192
Notes receivable	1,835	–	–	1,835
Cash and bank balances	2,864	–	–	2,864
Total undiscounted financial assets	8,208	–	–	8,208
Financial liabilities:				
Trade and other payables, excluding non-refundable deposits	9,873	–	–	9,873
Bank borrowings	2,440	88,125	–	90,565
Finance leases	39	157	3	199
Loan from a shareholder	2,597	38,582	–	41,179
Loan from non-controlling interest	–	11,338	–	11,338
Total undiscounted financial liabilities	14,949	138,202	3	153,154
Total net undiscounted financial liabilities	(6,741)	(138,202)	(3)	(144,946)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. 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 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)
31 March 2019				
Financial assets:				
Trade and other receivables	2,357	–	–	2,357
Cash and bank balances	38	–	–	38
Total undiscounted financial assets	2,395	–	–	2,395
Financial liabilities:				
Trade and other payables, excluding non-refundable deposits	1,568	–	–	1,568
Loan from a shareholder	2,597	38,582	–	41,179
Total undiscounted financial liabilities	4,165	38,582	–	42,747
Total net undiscounted financial assets/ (liabilities)	(1,770)	(38,582)	–	(40,352)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37. Financial risk management objectives and policies (cont'd)

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

The table below shows the contractual expiry by maturity of the Group's and 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.

	2020				2019			
	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
Company								
Financial guarantees	–	41,850	31,656	73,506	–	41,850	7,772	49,622

38. 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 2020 and 31 March 2019.

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	
	2020	**2019**
	$'000	$'000
Bank borrowings (secured) (Note 21)	79,075	79,921
Finance leases (Note 22)	146	177
Loans from shareholders (Note 25)	38,900	37,000
Loan from a non-controlling interest (Note 26)	10,941	9,987
Total borrowings	129,062	127,085
Equity attributable to the owners of the Company	122,100	129,872
Gearing ratio	1.06	0.98

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

39. Events after reporting period

On 3 August 2020, the Group's associated company, Epic Land Pte. Ltd. declared and paid interims dividends amounting to $750,000 to the Group.

40. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Directors on 12 October 2020.

STATISTICS OF SHAREHOLDING

As at 14 September 2020

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	0.29	74	0.00
100 - 1,000	310	22.73	185,475	0.02
1,001 - 10,000	268	19.65	1,696,800	0.15
10,001 - 1,000,000	737	54.03	97,882,205	8.83
1,000,001 and above	45	3.30	1,008,197,660	91.00
TOTAL	**1,364**	**100.00**	**1,107,962,214**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	377,015,642	34.03
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	79,289,115	7.16
5	UOB KAY HIAN PRIVATE LIMITED	53,910,100	4.87
6	DBS NOMINEES (PRIVATE) LIMITED	38,172,938	3.45
7	LOW KHENG HONG @ LAU KHENG HONG	14,150,262	1.28
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	13,912,100	1.26
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,434,569	0.94
10	ONG SIEW TING GERALDINE	7,000,000	0.63
11	HSBC (SINGAPORE) NOMINEES PTE LTD	5,915,600	0.53
12	NAM LEONG CO PTE LTD	5,510,000	0.50
13	TAY MING HIN	4,925,000	0.44
14	RAFFLES NOMINEES (PTE.) LIMITED	4,723,400	0.43
15	PHILLIP SECURITIES PTE LTD	3,389,875	0.31
16	KHOO POH CHYE	3,215,000	0.29
17	TAN LYE YING	3,197,400	0.29
18	LIM & TAN SECURITIES PTE LTD	3,151,800	0.28
19	TAN YONG HAN EDMUND (CHEN YONGHAN)	2,900,000	0.26
20	BRIAN KWAN WING HUNG	2,730,000	0.25
	TOTAL	**968,137,844**	**87.40**

STATISTICS OF SHAREHOLDING

As at 14 September 2020

SUBSTANTIAL SHAREHOLDERS AS AT 14 SEPTEMBER 2020

(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	494,442,143	44.63
Leny Suparman [3]	1,300,000	0.12	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) 65,870,715 ordinary shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..

(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..

PERCENTAGE OF SHAREHOLDING IN PUBLIC’S HANDS

As at 14 September 2020, 27.21% 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 Catalist of the SGX-ST 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 Sixteen Annual General Meeting ("**AGM**") of KOP Limited ("**Company**") will be convened and held by way of electronic means, on Wednesday, 28 October 2020 at 2.00 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 2020 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of additional Directors' fees of S$20,071 for the financial year ended 31 March 2020. **Resolution 2**

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$194,000 for the financial year ending 31 March 2021, to be paid quarterly in arrears. (2020: S$157,000) **Resolution 3**

4. To re-elect the following Directors retiring pursuant to Regulations 112 and Regulation 122(2) of the Constitution of the Company:

   Regulation 112

   Ms. Ong Chih Ching **Resolution 4**
   Mrs. Yu-Foo Yee Shoon **Resolution 5**

   Regulation 122(2)

   Ms. Judith Goi Lang Peng **Resolution 6**

   [See Explanatory Note (ii)]

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

6. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules")**

   That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806 of the Catalist Rules of the SGX-ST, 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

NOTICE OF ANNUAL GENERAL MEETING

(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

(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. **Resolution 8**

[See Explanatory Note (iii)]

8. **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

NOTICE OF ANNUAL GENERAL MEETING

(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

"**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. **Resolution 9**

[See Explanatory Note (iv)]

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 12 October 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ms. Judith Goi Lang Peng was appointed as the Non-Executive Director on 16 September 2019. Her director's fees of S$20,071 for financial year ended 31 March 2020 would be payable on *pro-rata* basis.

(ii) Mrs. Yu-Foo Yee Shoon will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and the Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to page 31 of the annual report for the detailed information for Ms. Ong Chih Ching, Mrs. Yu-Foo Yee Shoon and Ms. Judith Goi Lang Peng required pursuant to Rule 720(5) of the Catalist Rules.

(iii) Resolution 8 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.

(iv) Resolution 9 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 2020 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) Act that was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time), provide legal certainty such that issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). A joint statement was also issued by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange Regulation on 13 April 2020 to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. As such, 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: http://agm.conveneagm.com/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 Note 3 to 7 below;

   (b) submitting questions before the AGM. Please refer to Notes 8 to 10 below for further details; and

   (c) voting by proxy at the AGM. Please refer to Notes 11 to 17 below for further details.

NOTICE OF ANNUAL GENERAL MEETING

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 2.00 p.m. on 25 October 2020, being 72 hours before the time appointed for the AGM ("**Registration Deadline**"), at the following URL: http://agm.conveneagm.com/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 12.00 p.m. on 27 October 2020 may contact the Company's Share Registrar by 5.00 p.m. on 27 October 2020 for assistance at the following email address: rhtcaoscar@rhtcorporate.com, 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 Depositor (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 Share Registrar at rhtcaoscar@rhtcorporate.com, in addition to the registration procedures as set out in paragraph (3) above, by the Registration Deadline, for verification purpose.

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 30 Cecil Street #23-02 Prudential Tower Singapore 049712.

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 any or all of 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.

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 30 Cecil Street #23-02 Prudential Tower Singapore 049712; or

   (c) if submitted electronically, be submitted via email to the Company's Share Registrar at rhtcaoscar@rhtcorporate.com,

NOTICE OF ANNUAL GENERAL MEETING

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 via email.

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 on 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 <u>not</u> be able to vote through the Live Webcast and <u>can only vote with their proxy forms</u> 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 proxies and representatives appointed 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.

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APPENDIX DATED 12 OCTOBER 2020

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 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 the 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 **28 October 2020 at 2.00 p.m. by electronic means** (the "**2020 AGM**"). The Notice of the 2020 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 with assistance from RHTLaw Asia LLP. RHTLaw Asia LLP has not independently verified the contents of this Appendix. The contents of this Appendix 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 Sponsor and the SGX-ST assumes no responsibility for 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., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, (+65) 6381 6966.

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

APPENDIX

CONTENTS

APPENDIX

DEFINITIONS

For the purposes of this Appendix, the following definitions apply throughout where the context admits:

"Appendix"	:	This appendix in relation to the proposed renewal of the Share Purchase Mandate
"AGM"	:	The annual general meeting of the Company to be convened on 28 October 2020
"Annual Report"	:	The annual report of the Company for FY2020
"Board"	:	The Board of Directors of the Company
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	KOP Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
"Constitution"	:	The existing constitution of the Company, as may be amended or modified from time to time
"Controlling Shareholder"	:	A person who: (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 (b) in fact exercises control over the Company
"Directors"	:	The directors of the Company as at the date of this Appendix
"EPS"	:	Earnings per Share
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	14 September 2020, being the latest practicable date prior to the printing of this Appendix
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NTA"	:	Net tangible assets
"Personal Data Protection Act"	:	Personal Data Protection Act 2012 (No. 26 of 2012) as may be amended or modified from time to time
"Regulation(s)"	:	Regulation(s) of the Constitution
"ROE"	:	Return on equity

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"Securities Account"	:	The securities accounts maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
"Securities and Futures Act"	:	Securities and Futures Act, Chapter 289 of Singapore, as may be amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Purchase"	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Purchase Mandate
"Share Purchase Mandate"	:	The general mandate to enable the Company to purchase or otherwise acquire its issued Shares
"Shareholders"	:	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
"Shares"	:	Ordinary shares in the capital of the Company
"Subsidiary Holdings"	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
"Substantial Shareholder"	:	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
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
"S$" and "cents"	:	Singapore dollars and cents, respectively
"%"	:	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.

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LETTER TO SHAREHOLDERS

KOP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200415164G)

Directors:	**Registered Office:**
Ms Ong Chih Ching (*Executive Chairman and Executive Director*)	30 Cecil Street
Ms Leny Suparman (*Group Chief Executive Officer and Executive Director*)	#23-02
Ms Judith Goi Lang Peng (*Non-Executive Director*)	Prudential Tower
Mr Lee Kiam Hwee (*Lead Independent Director*)	Singapore 049712
Dr Ho Kah Leong @ Ho Kah Leung (*Independent Director*)	
Mrs Yu-Foo Yee Shoon (*Independent Director*)	
Mr Ng Hin Lee (*Independent Director*)	

12 October 2020

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 12 October 2020 issued by the Company for the purpose of convening the AGM to be held on 28 October 2020 by electronic means at 2.00 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 9 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.

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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.

At the annual general meeting of the Company convened on 30 August 2019, 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.

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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;

(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

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(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.

2.3.4 <u>Purchase Price</u>

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.

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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 <u>Maximum Holdings</u>

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 <u>Voting and Other Rights</u>

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.

2.5.3 <u>Disposal and Cancellation</u>

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.

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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).

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.

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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$0.046 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$5.1 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$0.053 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$5.9 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 2020, 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 2020 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,

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 2020 would have been as follows:

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(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 2020	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Share capital	78,940	73,843	73,068	294,506	289,409	288,634
Reserves	43,160	43,160	43,160	(182,901)	(182,901)	(182,901)
Total shareholders' equity(1)	122,100	117,003	116,228	111,605	106,508	105,733
NTA(2)	125,686	120,589	119,814	111,605	106,508	105,733
Current assets	132,089	126,992	126,217	1,655	(3,442)(6)	(4,217)(6)
Current liabilities	58,653	58,653	58,653	40,921	40,921	40,921
Total borrowings	129,062	129,062	129,062	38,900	38,900	38,900
Net loss attributable to Shareholders	(1,766)	(1,766)	(1,766)	(78,429)	(78,429)	(78,429)
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)	11.34	12.09	12.02	10.07	10.68	10.60
Gearing ratio (times)(4)	1.06	1.10	1.11	0.35	0.37	0.37
Current ratio (times)(5)	2.25	2.17	2.15	0.04	(0.08)(6)	(0.10)(6)
EPS (cents)	(0.16)	(0.18)	(0.18)	(7.08)	(7.87)	(7.87)

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(B) Purchases made entirely out of profits and cancelled

	GROUP			COMPANY		
As at 31 March 2020	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**
Share capital	78,940	78,940	78,940	294,506	294,506	294,506
Reserves	43,160	38,063	37,288	(182,901)	(187,998)	(188,773)
Total shareholders' equity(1)	122,100	117,003	116,228	111,605	106,508	105,733
NTA(2)	125,686	120,589	119,814	111,605	106,508	105,733
Current assets	132,089	126,992	126,217	1,655	(3,442)(6)	(4,217)(6)
Current liabilities	58,653	58,653	58,653	40,921	40,921	40,921
Total borrowings	129,062	129,062	129,062	38,900	38,900	38,900
Net loss attributable to Shareholders	(1,766)	(1,766)	(1,766)	(78,429)	(78,429)	(78,429)
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)	11.34	12.09	12.02	10.07	10.68	10.60
Gearing ratio (times)(4)	1.06	1.10	1.11	0.35	0.37	0.37
Current ratio (times)(5)	2.25	2.17	2.15	0.04	(0.08)(6)	(0.10)(6)
EPS (cents)	(0.16)	(0.18)	(0.18)	(7.08)	(7.87)	(7.87)

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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 2020	**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	43,160	43,160	43,160	(182,901)	(182,901)	(182,901)
Treasury shares	–	(5,097)	(5,872)	–	(5,097)	(5,872)
Total shareholders' equity[(1)]	122,100	117,003	116,228	111,605	106,508	105,733
NTA[(2)]	125,686	120,589	119,814	111,605	106,508	105,733
Current assets	132,089	126,992	126,217	1,655	(3,442)[(6)]	(4,217)[(6)]
Current liabilities	58,653	58,653	58,653	40,921	40,921	40,921
Total borrowings	129,062	129,062	129,062	38,900	38,900	38,900
Net loss attributable to Shareholders	(1,766)	(1,766)	(1,766)	(78,429)	(78,429)	(78,429)
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)]	11.34	12.09	12.02	10.07	10.68	10.60
Gearing ratio (times)[(4)]	1.06	1.10	1.11	0.35	0.37	0.37
Current ratio (times)[(5)]	2.25	2.17	2.15	0.04	(0.08)[(6)]	(0.10)[(6)]
EPS (cents)	(0.16)	(0.18)	(0.18)	(7.08)	(7.87)	(7.87)

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(D) Purchases made entirely out of profits and held as treasury shares

	GROUP			COMPANY		
As at 31 March 2020	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**
Share capital	78,940	78,940	78,940	294,506	294,506	294,506
Reserves	43,160	43,160	43,160	(182,901)	(182,901)	(182,901)
Treasury shares	–	(5,097)	(5,872)	–	(5,097)	(5,872)
Total shareholders' equity(1)	122,100	117,003	116,228	111,605	106,508	105,733
NTA(2)	125,686	120,589	119,814	111,605	106,508	105,733
Current assets	132,089	126,992	126,217	1,655	(3,442)(6)	(4,217)(6)
Current liabilities	58,653	58,653	58,653	40,921	40,921	40,921
Total borrowings	129,062	129,062	129,062	38,900	38,900	38,900
Net loss attributable to Shareholders	(1,766)	(1,766)	(1,766)	(78,429)	(78,429)	(78,429)
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)	11.34	12.09	12.02	10.07	10.68	10.60
Gearing ratio (times)(4)	1.06	1.10	1.11	0.35	0.37	0.37
Current ratio (times)(5)	2.25	2.17	2.15	0.04	(0.08)(6)	(0.10)(6)
EPS (cents)	(0.16)	(0.18)	(0.18)	(7.08)	(7.87)	(7.87)

Notes:
1. Total shareholders' equity exclude non-controlling interests.
2. NTA refers to net assets less intangible assets.
3. NTA per Share is computed based on the NTA (i.e., net assets less intangible assets) divided by the number of Shares issued.
4. Gearing ratio equals to total borrowings divided by shareholders' equity.
5. Current ratio equals to current assets divided by current liabilities.
6. 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.

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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 2020 and is not necessarily representative of future financial performance.

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 **Catalist Rules**

The Catalist 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 Catalist 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 Catalist 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 Catalist 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 Catalist 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 27.21% 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.

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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 Catalist 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.

2.11 **Take-over Implications**

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. 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;

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(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.

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**").

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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	494,442,143[2]	496,011,243	44.77
Leny Suparman	1,300,000	459,257,142[3]	460,557,142	41.57
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 65,870,715 Shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..

(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.

As at the Latest Practicable Date, the Concert Party Group has an aggregate interest in 571,363,157 Shares, which is equivalent to 51.57% 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 Months**

The Company has not bought back any Shares by way of Market Purchase in the last twelve months preceding the Latest Practicable Date.

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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	**Deemed Interest**	**Total Interest(4)**		**Total Interest(5)**
Directors	**(No. of Shares)**	**(No. of Shares)**	**No. of Shares**	**%**	**%**
Ong Chih Ching	1,569,100	494,442,143(1)	496,011,243	44.77	49.74
Leny Suparman	1,300,000	459,257,142(2)	460,557,142	41.57	46.19
Lee Kiam Hwee	–	–	–	–	–
Ho Kah Leong @ Ho Kah Leung	–	–	–	–	–
Yu-Foo Yee Shoon	540,000	–	540,000	0.05	0.05
Ng Hin Lee	–	–	–	–	–
Judith Goi Lang Peng	–	–	–	–	–
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 65,870,715 Shares held through Bank of Singapore under Citibank Nominees Singapore Pte. Ltd..
(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.

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

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 proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

APPENDIX

6. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the Annual Report, will be held on 28 October 2020 by electronic means at 2.00 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. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's registered office at 30 Cecil Street #23-02 Prudential Tower Singapore 049712, 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 2020.

In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 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)

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 through 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 12 October 2020, 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 Investors**") 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 Wednesday, 28 October 2020 at 2.00 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	Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2020			
2	Approval of additional Directors' fees amounting to S$20,071 for the financial year ended 31 March 2020			
3	Approval of Directors' fees amounting to S$194,000 for the financial year ending 31 March 2021, to be paid quarterly in arrears			
4	Re-election of Ms. Ong Chih Ching as a Director			
5	Re-election of Mrs. Yu-Foo Yee Shoon as a Director			
6	Re-election of Ms. Judith Goi Lang Peng as a Director			
7	Re-appointment of Messrs Ernst & Young LLP as Auditors and authority to Directors to fix remuneration			
Special Business				
8	Authority to allot and issue new shares			
9	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 ____________ 2020

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Member
and/or, Common Seal of Corporate Shareholder

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 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: http://agm.conveneagm.com/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 30 Cecil Street #23-02 Prudential Tower Singapore 049712; or

   (c) if submitted electronically, be submitted via email to the Company's Share Registrar at rhtcaoscar@rhtcorporate.com,

   in either case **by no later than 2.00 p.m. on 25 October 2020, being 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 via email.

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 on 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 Investors**") (as may be applicable) and wishes to vote, should approach their respective CPF and/or SRS Approved Nominees to submit their votes to appoint the Chairman of the AGM as their proxy, at least 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 a 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 a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have Shares entered against his 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 a proxy and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 October 2020.

www.koplimited.com