



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

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**QUALIFIED OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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Pursuant to Rule 704(4) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors (“**Board**”) of KOP Limited (“**Company**”) together with its subsidiaries (“**Group**”) wishes to announce that the Independent Auditor of the Company, Messrs Deloitte & Touche LLP (“**Auditors**”), has issued a "Qualified Opinion" in its Independent Auditor’s Report in respect of the audited financial statements of the Company for the financial year ended 31 March 2017 (“**FY2017**”) (“**Audited Financial Statements**”).

An extract of the basis for the Qualified Opinion in the Independent Auditor’s Report together with the extract of the relevant note to the Audited Financial Statements are set out below:

**“Basis for Qualified Opinion**

As disclosed in Note 21 to the financial statements, included in advances from non-controlling interests was an amount of US\$3,000,000, equivalent to \$4,192,000 (2016 : US\$1,500,000, equivalent to \$2,022,000) owing to an individual which entitles the individual to 17% of economic interest in the Montigo Resorts, Seminyak project. The Group’s Executive Chairman and Chief Operating Officer are relatives of the said individual. Management explained that the intent is for the advances to be interest-free, repayable on demand and free from all liens, charges and other encumbrances since prior years. During the audit, we were provided loan agreements and related documents between the individual and the Group for which the terms of the advances were not consistent with management’s intent or explanation. We are unable to obtain sufficient and appropriate audit evidence on the arrangement to our satisfaction. As a result, we are unable to determine whether any adjustments were necessary to the financial statements.

**Notes to Financial Statements**

**Note 21 – Trade and Other Payables**

Included in advances from non-controlling interests was an amount of US\$3,000,000, equivalent to \$4,192,000 (2016 : US\$1,500,000, equivalent to \$2,022,000) owing to an individual. The Group’s Executive Chairman and Chief Operating Officer are relatives of the individual.

In May 2013, the individual extended US\$1,500,000 to the Group for the purpose of acquisition of a Group’s project, which represents 17% of the economic interest in the Montigo Resorts, Seminyak project.

In June 2016, the individual extended another US\$1,500,000 to the Group for the purpose of funding for the construction cost for the same project with the term that the total advances of US\$3,000,000 were equivalent to 17% of the economic interest in the Montigo Resorts, Seminyak project.

The Group's intent is for the advances to be interest-free, repayable on demand and free from all liens, charges and other encumbrances. The same terms were confirmed and acknowledged by the individual since financial year ended March 31, 2014. Subsequent to the current year end, the Group explained the inconsistency of the documents and confirmed that the advances are interest-free, repayable on demand and free from all liens, charges and other encumbrances.

As a result, the advances due by the Group to the individual of US\$3,000,000 (2016 : US\$1,500,000) have been accounted for as interest-free, repayable on demand and free from all liens, charges and other encumbrances since the initial recognition."

The Independent Auditor's Report and Audited Financial Statements will form part of the Company's Annual Report for FY2017 which will be despatched to shareholders and the SGX-ST in due course.

## **BY ORDER OF THE BOARD**

Ong Chih Ching  
Executive Chairman and Executive Director  
28 August 2017

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

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

*The contact person for the Sponsor is Mr. Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd., Six Battery Road, #10-01 Singapore 049909, Telephone (65) 6381 6757.*