



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

EMPHASIS OF MATTER ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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 Ernst & Young LLP (“**Auditors**”), have included an "Emphasis of Matter" in the Independent Auditor's Report in respect of the audited financial statements of the Company for the financial year ended 31 March 2020 (“**FY2020**”) (“**Audited Financial Statements**”).

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

“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.

Notes to Financial Statements

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.

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."

The Independent Auditor's Report and Audited Financial Statements will form part of the Company's Annual Report for FY2020 which will be released on SGXNet in due course.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
12 October 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). 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., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, Telephone (65) 6381 6966.