



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

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## QUALIFIED OPINION AND EMPHASIS OF MATTER ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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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, the Board of Directors (the "**Board**") of KOP Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Independent Auditor of the Company, UHY Lee Seng Chan & Co (the "**Auditor**"), have issued a "Qualified Opinion" and included an "Emphasis of Matter" in respect of a material uncertainty related to going concern in the Independent Auditor's Report on the audited financial statements of the Group and the Company for the financial year ended 31 March 2024 ("**FY2024**") ("**Audited Financial Statements**").

In the Auditor's opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section in the Independent Auditor's Report on the Audited Financial Statements, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) 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 2024 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.

An extract of the basis for Qualified Opinion and Material Uncertainty Related to Going Concern in the Independent Auditor's Report is set out below:

### "Basis for Qualified Opinion

#### 1) Opening balances

In our independent Auditor's Report dated 14 July 2023, we expressed a qualified opinion on the financial statements for the financial year ended 31 March 2023. The basis for our qualified opinion is disclosed in Note 36 to the accompanying financial statements.

In view of the matters described in the basis for qualified opinion section on the financial statements for the financial year ended 31 March 2023, we were unable to determine whether the opening balances as at 1 April 2023 are fairly stated.

Since the opening balances as at 1 April 2023 are entered into the determination of the financial position of the Group and of the Company as at 31 March 2024, 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 financial year ended 31 March 2024, we were unable to determine whether adjustments, if any, might have been found to be necessary in respect of the Group's and the Company's financial statements for the financial year ended 31 March 2024.

Our opinion on the current financial year's financial statements of the Group is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

## **2) Inability to ascertain the existence and completeness of liabilities of a subsidiary, KOP Properties (HK) Limited (“KOPP HK”)**

As at 31 March 2024, included in trade and other payables is an amount of \$2,042,000 (2023: \$2,012,000) (collectively, the liabilities) that were recorded by KOPP HK and were brought forward from prior financial years.

Of this amount, \$2,013,000 (2023: \$1,983,000) comprise advances from non-controlling shareholder whilst the remaining \$29,000 (2023: \$29,000) is amount owing to a director of KOPP HK (Note 22).

As announced by the Company on 13 May 2016, certain subsidiaries and the Company’s directors received a Writ of Summons for alleged breach of duties in relation to a collaboration agreement entered into between a subsidiary and a non-controlling shareholder of KOPP HK. In 2019, the Company received a judgement that the judge dismissed all claims against the Company’s directors and certain subsidiaries. Thereafter, the non-controlling shareholder filed an appeal, but the Court of Appeal dismissed the appeal made against the Company’s directors and certain subsidiaries on 18 February 2020.

Arising from the above, notwithstanding that KOPP HK has been dormant since 2015 as represented by management, management is unable to obtain up-to-date financial information of KOPP HK as the Group does not have access to the financial records subsequent to the receipt of Writ of Summons from the non-controlling shareholder in 2016. As a result, the latest available unaudited management accounts of KOPP HK as at 30 November 2015 have been included in the preparation of the Group’s consolidated financial statements as at 31 March 2024. This has been the practice since the financial year ended 31 March 2016.

In order to ascertain the existence and completeness of the liabilities, we have attempted to circularise these payables to the parties concerned but was unable to obtain the authorised signatory from the sole director of KOPP HK to allow us to circularise as the sole director is not contactable. This was brought to the attention of the Board and Audit and Risk Committee during our audit. Subsequent to the end of the reporting period, on 11 July 2024, management informed that the Group has disposed of this indirect 51%-owned subsidiary to an unrelated third party for a nominal consideration of HK\$1 [Note 37(iv)]. We are unable to comprehend the commercial transaction as the unrelated third party, upon acquiring KOPP HK for HK\$1, will also need to assume the liabilities of \$2,042,000.

Management is unable to provide satisfactory explanation on the rationale of the commercial transaction for the buyer to use HK\$1 to acquire an inactive company and to assume the liabilities of \$2,042,000. Management is also unable to substantiate their claim that the disposal is not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ending 31 March 2025 as disclosed in Note 37(iv) on events after the reporting period. In addition, management is also unable to provide us with any supporting documents or information to demonstrate the existence and completeness of the liabilities. Accordingly, we have not been able to obtain sufficient appropriate audit evidence to ascertain both the existence and completeness of the liabilities of \$2,042,000 that have been recorded in the Group’s balance sheet as at 31 March 2024 and neither are we able to perform any other alternative audit procedures.

## **3) Dissolution of a subsidiary, CHL Hotel Limited (“CHL”) in United Kingdom (“UK”)**

As at 31 March 2024, included in the Group’s tax payable is an amount of S\$1,665,652 (equivalent to GBP 979,294) which pertained to an 85%-owned subsidiary, CHL in UK. This tax payable amount of S\$1,665,652 has been verified and agreed to the local tax authority’s statement of liabilities as at 15 March 2024. This amount is inclusive of interest on late payment and tax penalty of S\$355,824 (equivalent to GBP 209,201) and S\$2,381 (equivalent to GBP 1,400) respectively.

The original income tax payable of S\$1,307,447 (equivalent to GBP 768,693) was brought forward since financial year ended 31 March 2016. We were previously informed by management in prior years that, on 5 March 2019, they have written to the tax authority in UK to appeal for the transfer of this income tax payable amount to be used to offset against the Group’s purchase of assets in another entity in UK and the outcome of the appeal is still pending as at the end of the reporting period.

As part of our subsequent event procedures, we have performed an independent search on the UK equivalent of Company Registrar website on 6 June 2024 and noted that CHL was already dissolved by the Company Registrar on 23 April 2024. Upon our inquiry with management on the reason(s) for the dissolution of CHL given the outstanding tax liabilities of S\$1,665,652 (GBP 979,294) is still unsettled, management informed

us that they had consulted their corporate secretary and accountant in UK but are totally unaware of how CHL was able to be dissolved with all the debts outstanding.

Subsequently, management informed us that CHL has received a statement of liabilities from the local tax authority dated 18 June 2024 demanding for payment of all outstanding tax liabilities, interest and penalties amounting to S\$1,702,629 (equivalent to GBP 990,753).

We were also informed by management that based on various preliminary advice from the Group's professional service providers in UK, there is a reasonable ground for the Group to believe that CHL will likely be reinstated by the Company's Registrar under the direction of the tax authority.

Management is currently seeking further clarity on the matter and will seek advice from relevant professionals (if required) in order for the Board to decide on the next course of action to resolve the matter.

In view of all the above incidents, we are unable to obtain sufficient appropriate audit evidence to conclude on the legality of the dissolution of CHL. Consequently, we are unable to conclude on whether the said dissolution of CHL constitutes an adjusting subsequent event. In addition, we are also unable to conclude whether the Group has control over CHL (with net liabilities of \$1,960,000 as at 31 March 2024) and hence the appropriateness of inclusion of the financial results and financial position of CHL in the consolidated financial statements of KOP Limited as at the end of the reporting date.

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 qualified opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2.1 to the financial statements, which indicates that the Group incurred a net loss of \$1,247,000 for the financial year ended 31 March 2024. As at 31 March 2024, the Group's current assets amounted to \$57,076,000 and its current liabilities amounted to \$48,162,000. Included in the Group's current liabilities of \$48,162,000 is bank borrowings which amounted to \$13,914,000 and is due for repayment within the next 12 months. The Group's current assets of \$57,076,000 comprise mainly development properties of \$43,564,000 which were all fully sold above their carrying amounts subsequent to the reporting period.

As disclosed in Note 4, revenue from real estate development and investment constitute approximately 76.6% of the total revenue of \$80,700,000. With the development properties fully sold, the Group will need to generate sufficient cashflows from its existing or to seek new sources of revenue or business to finance its hospitality segment which is currently loss making (Note 33). In addition, the Company is in a net current liability position of \$10,972,000 as at 31 March 2024.

These factors indicate the existence of a 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 the Group's controlling shareholders to jointly and severally subscribe to the shares of the Company for up to \$10 million in the event that the Group is unable to meet its financial obligations.

### **Notes to Financial Statements**

#### **Going concern assumption**

The Group incurred a net loss of \$1,247,000 (2023: \$30,574,000) for the financial year ended 31 March 2024. The Group's current liabilities of \$48,162,000 (2023: \$109,275,000) comprise mainly bank borrowings

which amounted to \$13,914,000 (2023: \$83,375,000) as at 31 March 2024 which will be due for repayment within the next 12 months. The Group's current assets of \$57,076,000 (2023: \$122,206,000) mainly comprise development properties amounting to \$43,564,000 (2023: \$87,429,000). In addition, the Company is in a net current liability position of \$10,972,000 (2023: \$3,872,000) as at 31 March 2024. Included in the Company's current liabilities is an amount of \$10,936,000 due to a subsidiary and loan from a shareholder amounting to \$5,477,000.

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:

- Through a series of sales and marketing activities to promote the sale of its development properties, the Group has sold all of its remaining 4 unsold units of Dalvey Haus project as at the reporting date.
- The Directors are confident that the Group will be able to generate sufficient cash flows from its operating activities in the next 12 months from the date of authorisation of the financial statements, based on the cash flow forecast prepared by management.
- The Company's controlling shareholders, Ms. Ong Chih Ching and Ms. Leny Suparman have undertaken that in the event that the Group is unable to meet its financial obligations, the controlling shareholders will jointly and severally subscribe to new ordinary shares of the Company for up to \$10 million.
- The repayment of the loan from the Company's ultimate holding company of \$5,477,000 has been extended until cash flows of the Company improves.
- The Company has obtained an undertaking from its subsidiary not to seek for immediate repayment of the aforementioned amount due by the Company of \$10,936,000 until the Company's cash flows permit.

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 in a manner other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the balance sheet. 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 FY2024 which will be released on SGXNET in due course. Shareholders and potential investors are advised to read this announcement in conjunction with Company's Annual Report for FY2024 in their entirety. Shareholders and potential investors are reminded to exercise caution when dealing or trading in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

## **BY ORDER OF THE BOARD**

Ong Chih Ching  
Executive Chairman and Executive Director  
15 July 2024

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*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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