

KOP LIMITED

ANNUAL REPORT 2019



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This Annual Report 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 Annual Report.

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

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 6757.

COMPANY PROFILE

KOP Limited (“KOPL” or the “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.

MESSAGE FROM THE EXECUTIVE CHAIRMAN

Dear Valued Shareholders,

On behalf of the Board of Directors, I am presenting KOP Limited's ("KOPL" or the "Group") Annual Report for the financial year ended 31 March 2019 ("FY2019").

FY2019 was a year marked by geopolitical volatilities and continuing political instability. From the unravelling of the Brexit saga with the extension of Article 50 to the United States' escalating trade tensions with China, the past year has indeed been an eventful year for the world and financial markets, to say the very least.

Back home, Singapore's GDP performed a notch below initial estimates for 2018. For 2019, the Ministry of Trade and Industry ("MTI") maintains its forecast range of a growth of 1.5% to 3.5%¹. However, based on advanced estimates by MTI, the expected GDP for 2019 narrows as Singapore's economy logs a slower first quarter of 2019² amid the trade war between United States and China that shows no signs of easing.

Against a tumultuous external economic backdrop and a moderately slowing Singapore economy, KOPL continues to push through with our vision of building properties with strong points of differentiation in Singapore and abroad.

As our core revenue driver, the hospitality segment continues to grow year after year with improved performance from our Montigo Resorts, Nongsa in Batam and Montigo Resorts, Seminyak in Bali. In FY2019, the hospitality segment recorded an approximately 21% increase in total revenue. We foresee even greater performance for this segment with the upcoming Wintastar Shanghai where the Montigo brand will be spearheading the hospitality for this landmark project.

Overall, despite the stronger contributions from the hospitality segment, revenue for FY2019 decreased by 30% due to lower contributions from other segments but the decrease in distribution costs and administrative and general expenses softened the impact on the bottom line, recording a loss after tax of S\$5.9 million in FY2019 as compared to a loss after tax of S\$8.0 million in FY2018.

¹Singapore economy slows to 3.2% growth in 2018 – Channel News Asia – February 15, 2019

²Singapore's GDP grew by 1.3% in the first quarter of 2019 – Ministry of Trade and Industry – April 12, 2019

MESSAGE FROM THE EXECUTIVE CHAIRMAN

Overseas

During the year under review, we focused on our ability to add value to our properties abroad by creating highly-differentiated products that are unique, cutting-edge and unparalleled in terms of experience.

The multi-billion Renminbi project, Wintastar Shanghai had its groundbreaking in August 2018, marking KOPL's maiden entry into the People's Republic of China. This landmark mixed-development project is expected to attract an estimated 3.2 million visitors annually and we aim to complete it by 2022.

Over at the Indonesian islands of Batam and Bali, our self-managed, award-winning resort brand, Montigo Resorts, has carved a strong niche as a choice multi-generational destination.

To continually meet evolving consumer trends and demand, we have opened up more rooms and introduced novelty activities in Montigo Resorts, Nongsa, that will provide an all-inclusive and luxurious experience for our guests, especially families. We are also pleased to announce that Montigo Resorts, Seminyak, is now fully operational with 128 rooms, after the construction of an additional 60 rooms that were completed in December 2018.

We are looking forward to the completion of Montigo Resorts in Wintastar Shanghai, which will further define Montigo Resorts as a brand that delivers enduring value and premier hospitality experiences for all guests.

Singapore

Closer to home, the joint venture between Dalvey Breeze Pte. Ltd. together with LKHS Property Investment Pte. Ltd. will redevelop Villa D'Este into a high-end condominium. We look forward to begin the construction in 2020.

We had also, through our associated company, fully divested our investment in Prudential Tower which maximises proceeds to fund our current endeavours.

Looking Ahead

Outlook for the global economy continues to be fraught with uncertainties. While growth around the world remains at a steady pace, geopolitics have become more volatile with the ongoing trade war between two of the largest economies in the world, United States and China. Brexit's impact on the United Kingdom and Europe also poses serious concerns to investors who are already on tenterhooks with China's economic slowdown and rising interest rates in most of FY2020.

Under such constraints, management remains prudent in cost management and continues to focus on improving our operational efficiency to optimise the utilisation of our resources.

While we continue to monitor the market closely and maintain a prudent stance on land acquisitions, we will continue to look for opportunities to further growth and enhance long-term shareholder value. Subsequent to 2019, the Group has successfully secured a consultancy contract which charts the way forward for more of such projects to come.

MESSAGE FROM THE EXECUTIVE CHAIRMAN

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 their valuable insight and wise counsel to me and the Group. I would also like to take the 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.

We were deeply saddened to receive news of the passing of Mr. Goi Kok Neng (Wei Guolong), who played an invaluable role as Managing Director and Executive Director of the Group. On behalf of all members of the Board, I would like to convey our heartfelt condolences to his family and friends and thank him for his contributions.

To our clients, partners and business associates, I would like to express our deepest gratitude for your unwavering support over the years.

Last but not least, to our valued shareholders who have continued to place their faith and trust in us, we'd like to express our appreciation for your patience as we seek to bring KOPL to new heights and endeavour large-scale estates such as the Wintastar Shanghai project while concurrently pursuing new projects in Singapore. With your support, we continue to strive to build KOPL into a leading property and hospitality lifestyle group, differentiating ourselves with cutting edge ideas that put us in good stead for the future.

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.

Prior to the Reverse Take Over, 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 The Economist – Longevity Summit in September 2018, the Innovation Summit in 2015 and 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 and 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 as well as the multi-award winning Montigo Resorts in Nongsa and Seminyak, exemplifying KOP's enterprising creativity in conceptualising and building projects that are different and bold.

Before the founding of KOPG, Leny Suparman was a Director of Real Estate in Koh, Ong and Partners Management Services Pte. Ltd. where she was responsible for sourcing, executing and closing real estate transactions on behalf of clients. She was previously 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

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 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 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) Limited, 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 and Executive Council Member of Hainan University.

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 Properties Pte. Ltd.

Joey Ong is the Chief Operating Officer (“COO”) of KOP Properties Pte. Ltd., 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 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 her current position as COO of KOP Properties Pte. Ltd. in August 2010. 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

Financial Controller - KOP Limited

Joe Tan is the Group’s Financial Controller 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. 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 non-practicing member of the Institute of Singapore Chartered Accountants and member of CPA Australia.

THE MANAGEMENT

Ms Liane Ong

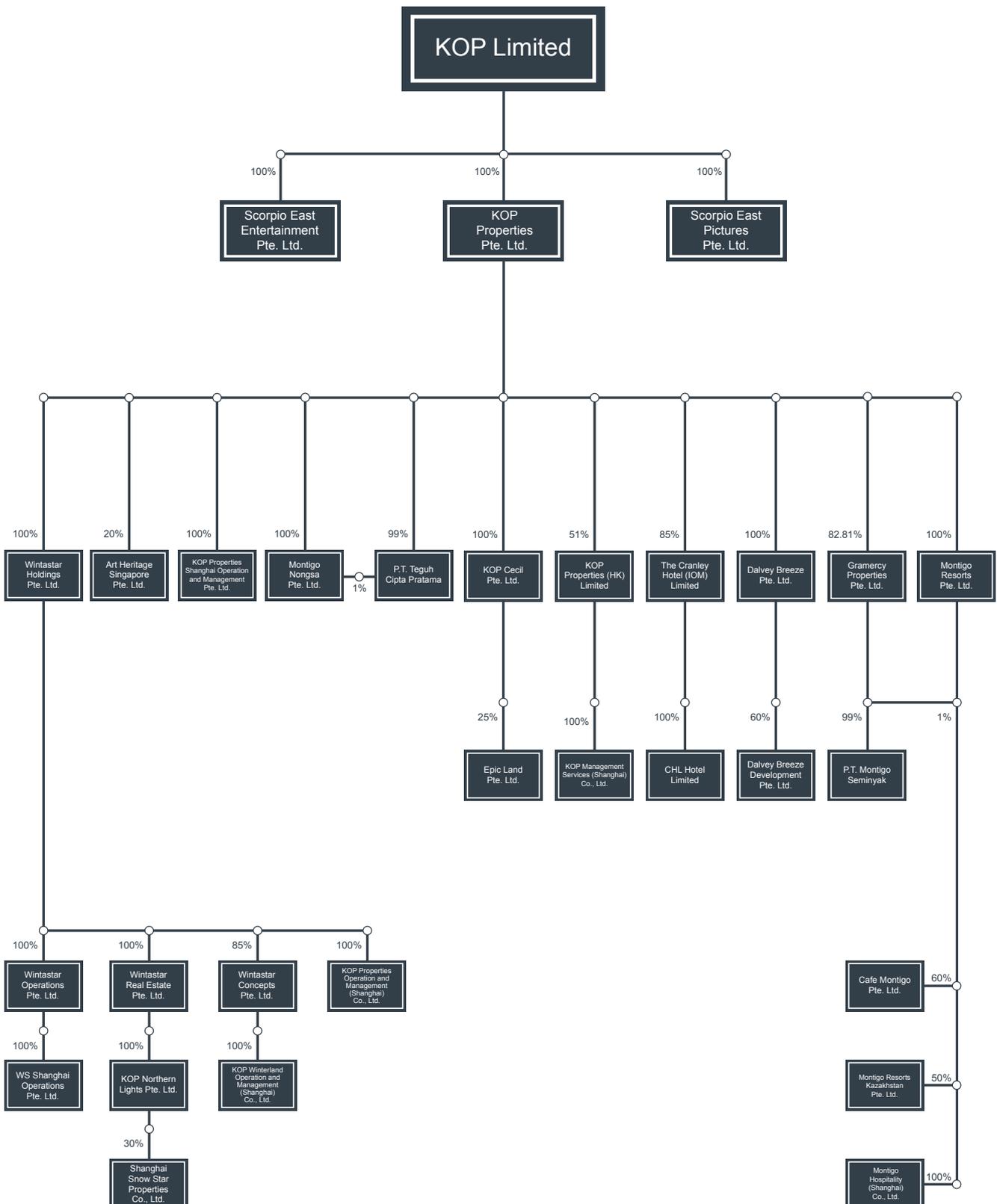
Managing Director - Wintastar Holdings Pte. Ltd.

Liane Ong was appointed as Managing Director of Wintastar Holdings Pte. Ltd. (“Wintastar Holdings”) in June 2017. As a subsidiary under KOP Properties Pte. Ltd., 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 2019 (“FY2019”), the Group’s revenue decreased 30% to S\$18.7 million from S\$26.7 million reported in the same corresponding period (“FY2018”). Despite the stronger contributions from the hospitality segment due to better performance achieved in both Nongsa, Batam and Seminyak, Bali, it was offset by the lower contributions from the real estate development and investment segment, real estate origination and management services segment, and entertainment segment.

Coupled with a 42% decrease in gross profit to S\$10.4 million due to the recognition of a one-off establishment fee from a joint venture in FY2018, the decrease in other operating income due to the decrease in the interest from notes receivable and the decrease in administrative and general expenses due to foreign exchange loss incurred in FY2018. As a result, KOPL reported a loss after tax of S\$5.9 million in FY2019 compared to a loss after tax of S\$8.0 million in FY2018.

Hospitality

The hospitality business segment, currently consisting of two operating assets in Indonesia – Montigo Resorts, Nongsa in Batam and Montigo Resorts, Seminyak in Bali – remained as the key revenue driver, contributing S\$16.2 million of segment revenue, or 87% of Group revenue.

KOPL’s hospitality segment has seen improved performance year after year, with stronger occupancy rates recorded at both resorts in FY2019.

In its efforts to remain agile, the two luxury resorts under the Montigo brand constantly evolve to meet consumer needs and preferences. The sale of 1-bedroom villas in Montigo Resorts, Nongsa was launched to cater to singles, couples and business travellers who are 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, operations went full steam ahead after construction were completed in December 2018. 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 a preferred choice for visitors who are seeking rest and respite in Bali, Indonesia.

Montigo Resorts, Shanghai, will make its much-anticipated debut with Wintastar, Shanghai. Slated for operations are four themed hotels with over 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.

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.

BUSINESS REVIEW

Real Estate Development and Investment

In FY2019, the real estate development and investment business segment contributed S\$0.5 million revenue, or 2.7% of Group revenue. The decrease in revenue was mainly due to lesser unit handover during FY2019. This is the result of a focus on expanding hospitality operations to generate income instead of the sale of units.

The Wintastar, Shanghai groundbreaking in August 2018 was accompanied with exciting news of Majid Al Futtaim, Dubai-based conglomerate and operator of Ski Dubai and Ski Egypt, as appointed operator of the Wintastar, Shanghai indoor ski park. The first plot of Wintastar, Shanghai is targeted to open in 2020 and the project is on track to be completed by 2022.

Closer to home, the indirect wholly-owned subsidiary, Dalvey Breeze Pte. Ltd., together with LKHS Property Investment Pte. Ltd. has incorporated a subsidiary to redevelop Villa D'Este into a high-end condominium.

In FY2020, the real estate development and investment business segment will be mainly focused on channelling resources to these two large-scale projects in Shanghai and Singapore respectively.

Real Estate Origination and Management Services

The real estate origination and management services business segment contributed S\$1.8 million, or 9.6% of Group revenue. The decrease in revenue was mainly attributed to the recognition of one-off establishment fee from joint venture, Shanghai Snow Star Properties Co., Ltd in FY2018.

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.

Entertainment

Due to the absence of assignment of distribution rights during FY2019, no revenue was recorded for the entertainment business segment.

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, to which the Group hopes to elevate the value propositions of the integrated lifestyle development.

In closing, the Group has a clear roadmap to ensure long-term sustainable growth and to enhance shareholder value. In FY2020, the main focus will be bifurcated to the development of Wintastar, Shanghai and Dalvey Breeze estate in Singapore. Ongoing efforts to grow the Montigo brand and the sourcing of potential investments in the United Kingdom and People's Republic of China will continue to ensure returns in the much longer term.

KOPL will leverage on its strengths in identifying a unique niche for projects, acumen in project selection, as well as our strong fundamentals to grow rapidly and move forward as a group.

CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible corporation, KOPL believes in the continual engagement of and contribution to various segments of the community. The diverse mix of community cause that KOPL champions is a strong testament to our steadfast commitment in effecting positive change in the society.

Supporting Special Needs People Around the World

KOPL's Corporate Social Responsibility ("CSR") strategy is aligned with its credo of "We Build Your Dreams". KOPL believes that everyone, regardless of their circumstances, deserves an opportunity to pursue their dreams.

Singapore Fashion Runway gathers people from all around the world to build an inclusive community and increase awareness and support for people with special needs through fashion. In July 2019, KOPL offered its support to Singapore Fashion Runway to bring about a delightful experience at Montigo Resorts, Nongsa to people with special needs, the disabled, sufferers of chronic illnesses such as breast cancer patients and survivors. Singapore Fashion Runway creates platforms and opportunities in the development of one's giving and big heart through Fashion for a Social Cause, where members of the public can understand the stories of the beneficiaries through a runway show.

From batik painting and fun, engaging activities for the children to yoga class for the young adults, our initiative with Singapore Fashion Runway aims to aid the beneficiaries in seeking happiness and confidence while battling through their illness.

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.

CORPORATE SOCIAL RESPONSIBILITY

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. In light of the recent earthquake taken place at Lombok Island in August 2018, Montigo Resorts responded with a fundraising initiative to help fund for relief efforts for the victims of the Lombok earthquake. Furthermore, Montigo Resorts, Nongsa has also contributed to several donation drives, including relief efforts for the survivors of the Tsunami in the provinces of Banten and Lampung which took place in December 2018. Montigo Resorts is committed to actively engage staff in philanthropic initiatives such as setting up a CSR committee in Montigo Resorts, in both Nongsa and Seminyak, to organise trips to children orphanages, special needs communities and mosques around Batam and Bali, Indonesia respectively.

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 Batam, our CSR committee supported the initiative to introduce World Cleanup Day which involved 13 Montigo Resorts staff in Engku Putri (Batam Centre) - World Cleanup Day, started in New Zealand, is a global social action programme aimed at combating the global solid waste problem, including the problem of marine debris. Further to our initiative, Montigo Resorts has since organised a bi-monthly cleaning blitz around the resort premises on top of our participation in the World Cleanup Day 2018.

Montigo Resorts has also contributed to the local conservation in Batam through several initiatives such as releasing 200 juvenile fishes at the Batam Botanic Garden, Nongsa, providing funds to grow 200 more palm trees, and continuing our efforts to support the EcoBrick programme - The EcoBrick programme aims to reduce plastic and non-biodegradable wastes by converting them into an EcoBrick. This initiative will serve as a platform to promote environmental sustainability and simultaneously provide financial support to many underprivileged households in Batam.

AWARDS AND ACCOLADES

Montigo Resorts, Nongsa

- Luxury Travel Guide 2018 – Luxury Villas of The Year
- 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 Indonesia
- Certificate of Excellence 2019 by TripAdvisor
- Loved by Guests Award Winner 2019 by Hotels.com

Montigo Resorts, Seminyak

- World Luxury Hotel Awards 2018 – Best General Manager
- Recognition of Excellence 2018 by HotelsCombined
- World Luxury Spa Award 2019 – Best Luxury Spa Retreat in Asia (Montigo Spa)
- World Luxury Restaurant Awards 2019 - Eclectic/International cuisine in the World (TIIGO Restaurant)
- Certificate of Excellence 2019 by TripAdvisor
- Loved by Guests Award Winner 2019 by Hotels.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Chih Ching
Executive Chairman and
Executive Director

Leny Suparman
Group Chief Executive Officer
and 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.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

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

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 2012 (“**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 2019 (“**FY2019**”), 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.

The new Code of Corporate Governance 2018 was issued on 6 August 2018 (“**Revised Code**”), and will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the Revised Code will not affect the Group for FY2019, and accordingly, the Group will only make reference to the Code in reviewing and implementing its corporate governance structures and practices.

1. BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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;
- review management 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 and is obliged to act in good faith, and consider at all times, the interests of the Company.

REPORT OF CORPORATE GOVERNANCE

All other matters are delegated to 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.

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:

- 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 FY2019 and the attendance of each Director where relevant are as follows:

Name of Directors	Board		ARC		RC		NC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ms. Ong Chih Ching	4	4	4	4 [^]	1	1 [^]	1	1 [^]
Ms. Leny Suparman	4	4	4	4 [^]	1	1 [^]	1	1 [^]
Mr. Goi Kok Neng (Wei Guolong) ⁽¹⁾	4	3	4	3 [^]	1	1 [^]	1	1 [^]
Mr. Lee Kiam Hwee	4	4	4	4	1	1	1	1
Dr. Ho Kah Leong @ Ho Kah Leung	4	3	4	3	1	1	1	1
Mrs. Yu-Foo Yee Shoon	4	3	4	4	1	-	1	-
Mr. Ng Hin Lee	4	4	4	4	1	1	1	1

Note:

[^] Attendance by invitation.

(1) Mr. Goi Kok Neng (Wei Guolong) deceased on 3 February 2019.

REPORT OF CORPORATE GOVERNANCE

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 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 Listing Manual – Section B: Rules of Catalist of the SGX-ST ("**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.

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. 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.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises two (2) Executive Directors and four (4) Independent Directors 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

REPORT OF CORPORATE GOVERNANCE

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 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 10% shareholders and/or its officers that would interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement, with a view to the best interest of the Company. As such, the NC 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.

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 NC 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 six (6) 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 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 Independent 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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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.

REPORT OF CORPORATE GOVERNANCE

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;
- 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 to 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 Financial Controller ("FC") has failed to resolve or is inappropriate.

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: There should be a formal and transparent process for the appointment and re-appointment of directors to 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)

REPORT OF CORPORATE GOVERNANCE

The principal terms of reference of the NC are as follows:

- review nominations for the appointment and re-appointment of members to the Board and the various Board Committees;
- decide on the evaluation criteria of the Board, propose an objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- decide whether a Director is able to and has been adequately carrying out his 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. Regulation 112 of the Company's Constitution requires one-third of the Directors to retire from office at least once in every three 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.

With effect from 1 January 2019, pursuant to Rule 720(4) of the Catalist Rules, all Directors, including Executive Directors, must 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 himself for re-nomination and re-appointment to the Board at a general meeting no later than 31 December 2021.

The NC has recommended to the Board, the re-election of Ms. Leny Suparman and Dr. Ho Kah Leong @ Ho Kah Leung at the forthcoming AGM. The Board had accepted the NC's recommendation.

Dr. Ho Kah Leong @ Ho Kah Leung, being a member of the NC, who are 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.

REPORT OF CORPORATE GOVERNANCE

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	50	Executive Chairman and Executive Director	6 May 2014	24 August 2018	None	None
Ms. Leny Suparman	45	Group CEO and Executive Director	6 May 2014	21 September 2017	None	None
Mr. Lee Kiam Hwee	63	Lead Independent Director	6 May 2014	24 August 2018	• Marco Polo Marine Ltd.	• HTL International Holdings Limited
Dr. Ho Kah Leong @ Ho Kah Leung	82	Independent Director	28 August 2012	28 July 2016	• Fuxing China Group Limited	• Vicom Ltd
Mrs. Yu-Foo Yee Shoon	69	Independent Director	6 May 2014	21 September 2017	• Singapura Finance Ltd	None
Mr. Ng Hin Lee	62	Independent Director	15 January 2018	24 August 2018	• FJ Benjamin Holdings Ltd	None

The Board 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 Board has decided not to fix a maximum number of listed company board representations which any Director may hold. The Board 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.

REPORT OF CORPORATE GOVERNANCE

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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 FY2019, 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.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company believes that the Board should be provided with timely, complete and adequate information prior to Board meetings and as and when the need arises.

The Company recognises the importance of the flow of information for the Board to discharge its duties effectively. All Directors are furnished with management accounts of the Group and regular updates on the financial position of the Company. The Board has unrestricted access to the Company's records and information.

The Directors have also been provided with the contact details of the Company's key management and Company Secretary to facilitate separate and independent access.

The Company Secretary or her representative administers and prepares minutes of the Board and Board Committees meetings. Such minutes of meetings are circulated. The Company Secretary attends all Board meetings and assists the Chairman of the Board and Board Committees in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and Board Committees function effectively and the relevant requirements of the Companies Act, Chapter 50 of Singapore and the Catalist Rules are complied with.

Each member of the Board may seek professional advice in furtherance of their duties and the costs of obtaining such professional advice will be borne by the Company. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

REPORT OF CORPORATE GOVERNANCE

2. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC has been established with written terms of reference and currently comprises four 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 managements' 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 FY2019.

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 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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 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. 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.

REPORT OF CORPORATE GOVERNANCE

The Company has entered into a service agreement with Ms. Ong Chih Ching, Ms. Leny Suparman and Mr. Goi Kok Neng (Wei Guolong). The service agreement for Ms. Ong Chih Ching and Ms. Leny Suparman is for a period of three (3) years commencing 6 May 2017, while the service agreement for Mr. Goi Kok Neng (Wei Guolong) is for a period of three (3) years commencing from 15 January 2018. Mr. Goi Kok Neng (Wei Guolong) deceased on 3 February 2019 and his service agreement had ceased accordingly.

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

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 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

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) are disclosed below.

A breakdown showing the level and mix of each individual Director's remuneration in remuneration bands of S\$250,000 for FY2019 are set out as follows:

Name of Director	Fees* %	Salary# %	Bonus %	Other Benefits@ %	Total %
S\$500,000 and above					
Ms. Ong Chih Ching	–	88	–	12	100
S\$250,000 to below S\$500,000					
Ms. Leny Suparman	–	83	–	17	100
Mr. Goi Kok Neng (Wei Guolong)^	–	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

Notes:

* These fees were approved by the shareholders at the AGM held on 24 August 2018.

Salary is inclusive of fixed allowance and CPF contributions.

@ Other benefits are inclusive of one-time allowance, incentives and dental allowance.

^ Mr. Goi Kok Neng (Wei Guolong) deceased on 3 February 2019.

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For FY2019, 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 FY2019 is set out as follows:

Top 3 key management personnel	Position
Ms. Joey Ong ⁽¹⁾	Chief Operating Officer of KOP Properties Pte. Ltd.
Ms. Liane Ong	Managing Director of Wintastar Holdings Pte. Ltd.
Mr. Joe Tan	Financial Controller of KOP Limited

Note:

(1) Ms. Joey Ong is the sister of Ms. Ong Chih Ching, Executive Director and Executive Chairman of the Company, whose remuneration exceeds S\$50,000 during FY2019.

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 FY2019 is S\$1,890,000 and S\$733,000, respectively.

For FY2019, 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 FY2019 are set out below:

Name of Immediate Family Member	Salary# %	Bonus %	Other Benefits@ %	Total %
S\$300,000 to below S\$350,000				
Ms. Joey Ong	84	-	16	100

Notes:

Salary is inclusive of fixed allowance and CPF contributions.

@ Other benefits are inclusive of one-time allowance and incentives

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 FY2019 exceeded S\$50,000.

REPORT OF CORPORATE GOVERNANCE

3. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Company has taken efforts to comply with the Catalist Rules on the disclosure requirements of material information. The Board is mindful of the obligation to provide shareholders updates on all major developments that affect the Group and strives to maintain a high standard of transparency.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. In accordance with the Catalist Rules, the Board issued negative assurance statements in its quarterly financial results announcements, confirming that to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on quarterly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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.

REPORT OF CORPORATE GOVERNANCE

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 FC 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 FY2019 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 FY2019.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit and Risk Committee with written terms of reference which clearly set out its authority and duties.

The ARC has been established with written terms of reference and currently comprises four 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 4 times in FY2019. It performs the following functions:

- reviews announcements of the Group's quarterly and full year results;
- 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;

REPORT OF CORPORATE GOVERNANCE

- reviews the adequacy of the Group's internal financial, operational and compliance controls, and risk management policies and systems established by the Management;
- 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 reappointment 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.

In July 2010, SGX-ST and ACRA had launched the "**Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors**" which aims to facilitate the ARC in evaluating the external auditors. In October 2015, the Accounting and Corporate Regulatory Authority ("**ACRA**") with the support from SGX-ST and Singapore Institute of Directors had launched the "Audit Quality Indicators (AQIs) Disclosure Framework" which aims to help the Audit Committee in evaluating the Company's external auditors. The ACRA has provided the Guidance to Audit Committees on ACRA's Audit Quality Indicators Disclosure Framework ("**Guidance**"). Accordingly, the ARC had evaluated the performance of the external auditors based on the AQIs and Guidance.

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 FY2019, 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\$228,000.

The ARC recommends to the Board on the proposals to shareholders on the appointment, reappointment 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.

REPORT OF CORPORATE GOVERNANCE

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 FY2019.

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 FY2019.

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 external auditors has acted as a member of the ARC.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced the internal audit function to a qualified public accounting firm ("IA"). Currently, the Company has engaged KPMG Services Pte. Ltd. ("KPMG") 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 KPMG's global internal auditing standards and 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. KPMG 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 hiring, removal and evaluates 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 FY2019 in consultation with the ARC, and submitted its annual audit plan to the ARC for approval.

The ARC has reviewed the effectiveness of the IA and is satisfied that the IA is adequately resourced and has the appropriate standing within the Company to fulfil its mandate.

The ARC is satisfied that the internal audit function 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.

REPORT OF CORPORATE GOVERNANCE

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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.

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. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. 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 meeting through proxy forms sent in advance.

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.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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.

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 has engaged an investor relations firm which focuses on facilitating communications with all stakeholders, shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance. 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

The Company 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, which is held within four months after the close of the financial year.

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 FY2019 as the Company has deemed it more appropriate to retain the cash in the Group for its future growth.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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 apprised of the Group's strategies and growth plans. Notices of the meetings will be advertised in newspapers in Singapore 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.

Shareholders are given the opportunity to pose questions to the Directors or the Management at the general meetings. The chairman of the Board Committees will be present at these meetings to answer questions relating to matters that are overseen by these Board Committees.

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.

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 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 is conducted by manual polling. The detailed results of each resolution are announced via SGXNet after the general meetings.

5. 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.

REPORT OF CORPORATE GOVERNANCE

6. 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.

The interested person transactions during FY2019 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	2,590	–
Ms. Ong Chih Ching		
Guarantors fee	557	–
Ms. Leny Suparman		
Guarantors fee	557	–

7. NON-SPONSOR FEE

There was no non-sponsor fee paid to the Company's RHT Capital Pte. Ltd., in FY2019.

8. 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 FY2019 or if not then subsisting, which were entered into since the end of the previous financial year.

REPORT OF CORPORATE GOVERNANCE

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Ms. Leny Suparman and Dr. Ho Kah Leong @ Ho Kah Leung, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Details	Name of Director	
	Ms. Leny Suparman	Dr. Ho Kah Leong @ Ho Kah Leung
Date of Appointment	6 May 2014	28 August 2012
Date of last re-appointment (if applicable)	21 September 2017	28 July 2016
Age	45	82
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Ms. Leny Suparman's performance as the Group CEO and Executive Director.	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Dr. Ho Kah Leong @ Ho Kah Leung is able to exercise judgement as the Independent Director on the corporate affairs of the Group and independent of the Management. The Board considers Dr. Ho Kah Leong @ Ho Kah Leung to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Group CEO and Executive Director	Independent Director, Chairman of Remuneration Committee and member of Audit and Risk Committee and Nominating Committee
Professional qualifications	Bachelor of Science in Business from the Indiana University Bloomington, Indiana, United States of America	<ul style="list-style-type: none"> Bachelor of Science degree from Nanyang University PhD in Arts by Wisconsin International University, United States of America

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director	
	Ms. Leny Suparman	Dr. Ho Kah Leong @ Ho Kah Leung
Working experience and occupation(s) during the past 10 years	<p>1 January 2009 to 31 July 2010 – Chief Operating Officer, KOP Group Pte. Ltd.</p> <p>1 August 2010 to 5 May 2014 – Chief Executive Officer, KOP Properties Pte. Ltd.</p> <p>6 May 2014 to Present – Group Chief Executive Officer and Executive Director, KOP Limited</p>	<ol style="list-style-type: none"> 1. Independent Director of Fuxing China Group Limited since 3 August 2007. 2. Independent Director of KOP Limited since 18 August 2012. 3. Director of Pioneers & Leaders (M) Sdn Bhd since 12 July 2005. 4. Independent Director of Vicom Ltd from 1 May 2003 to 24 April 2017. 5. Independent Director of Superbowl Holdings Limited from 31 January 1997 to 18 April 2013. 6. Independent Director of Brothers (Holdings) Limited from 14 July 1997 to 2 October 2012. 7. Director of TP Healthcare Ltd. from 1 December 2003 to 3 March 2016. 8. Director of Ang Mo Kio - Thye Hua Kwan Hospital Ltd. from 25 March 2002 to 31 March 2016.
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors' Statement	Nil
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
Conflict of interest (including any competing business)	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
Other Principal Commitments Including Directorships	<p><u>Past (for the last 5 years)</u></p> <p>Director of:</p> <ul style="list-style-type: none"> ● Cocoa Colonies Holdings Pte. Ltd. ● Epic Land (10-1) Pte. Ltd. ● Epic Land (10-2) Pte. Ltd. ● Epic Land (11-1) Pte. Ltd. ● Epic Land (12-1) Pte. Ltd. ● Epic Land (12-2) Pte. Ltd. ● Epic Land (13-1) Pte. Ltd. ● Epic Land (13-2) Pte. Ltd. 	<p><u>Past (for the last 5 years)</u></p> <p>Director of:</p> <ul style="list-style-type: none"> ● Vicom Ltd ● Ang Mo Kio – Thye Hua Kwan Hospital Ltd. ● TP Healthcare Ltd.

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director	
	Ms. Leny Suparman	Dr. Ho Kah Leong @ Ho Kah Leung
Other Principal Commitments Including Directorships (cont'd)	<ul style="list-style-type: none"> ● Epic Land (14-1) Pte. Ltd. ● Epic Land (14-2) Pte. Ltd. ● Epic Land (15-1) Pte. Ltd. ● Epic Land (15-2) Pte. Ltd. ● Epic Land (17-1) Pte. Ltd. ● Epic Land (17-2) Pte. Ltd. ● Epic Land (18-1) Pte. Ltd. ● Epic Land (18-2) Pte. Ltd. ● Epic Land (19-2) Pte. Ltd. ● Epic Land (21) Pte. Ltd. ● Epic Land (22) Pte. Ltd. ● Epic Land (23) Pte. Ltd. ● Epic Land (24) Pte. Ltd. ● Epic Land (28) Pte. Ltd. ● Epic Land (29) Pte. Ltd. ● Art Heritage Singapore Pte. Ltd. ● Franklyn Hotels & Resorts Pte. Ltd. ● KOP Capital Pte. Ltd. ● Cityneon Properties Pte. Ltd. ● Scorpio East Productions Pte. Ltd. ● Scorpio East Leisure Pte. Ltd. ● Scorpio East Multimedia Pte. Ltd. ● Bezel Singapore Pte. Ltd. ● B3 Pte. Ltd. ● Movements Pte. Ltd. ● Bezel Pte. Ltd. <p><u>Present</u></p> <p>Director of:</p> <ul style="list-style-type: none"> ● KOP Limited ● P.T. Montigo Seminyak ● Scorpio East Entertainment Pte. Ltd. ● Scorpio East Pictures Pte. Ltd. ● KOP Group Pte. Ltd. ● Royce Properties Pte. Ltd. ● Hayden Properties Pte. Ltd. ● KOP-Scotts Pte. Ltd. ● Gramercy Properties Pte. Ltd. ● KOP Properties Pte. Ltd. ● KOP Hotels & Resorts Pte. Ltd. ● Aqua Voyage Pte. Ltd. ● Montigo Nongsa Pte. Ltd. ● Montigo Resorts Pte. Ltd. ● KOP Cecil Pte. Ltd. ● Epic Land Pte. Ltd. ● Epic Land (01) Pte. Ltd. 	<p><u>Present</u></p> <p>Director of:</p> <ul style="list-style-type: none"> ● KOP Limited ● Fuxing China Group Limited ● Pioneers & Leaders (M) Sdn Bhd

REPORT OF CORPORATE GOVERNANCE

Details	Name of Director	
	Ms. Leny Suparman	Dr. Ho Kah Leong @ Ho Kah Leung
Other Principal Commitments Including Directorships (cont'd)	<ul style="list-style-type: none"> • Epic Land (11-2) Pte. Ltd. • Epic Land (16-1) Pte. Ltd. • Epic Land (19-1) Pte. Ltd. • Epic Land (20) Pte. Ltd. • Epic Land (25) Pte. Ltd. • Epic Land (26) Pte. Ltd. • Epic Land (27) Pte. Ltd. • Dalvey Breeze Pte. Ltd. • P.T. Teguh Cipta Pratama • KOP Properties Shanghai Operation and Management Pte. Ltd. • Wintastar Concepts Pte. Ltd. • KOP Northern Lights Pte. Ltd. • Wintastar Holdings Pte. Ltd. • Wintastar Real Estate Pte. Ltd. • Montigo Resorts Kazakhstan Pte. Ltd. • Dalvey Breeze Development Pte. Ltd. 	
The general statutory disclosures of the Directors relating to the item (a) to item (k) as set out in the Appendix 7F - Announcement of Appointment of the Catalist Rules	No	No
Information required		
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?	No	Yes
If yes, please provide details of prior experience.	N/A	<ul style="list-style-type: none"> • Vicom Ltd • Fuxing China Group Limited
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.	Attended courses conducted by Singapore Institute of Directors	N/A

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 2019.

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 2019 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

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:

Name of directors	Direct interest			Deemed interest		
	At the beginning of financial year	At the end of financial year	At 21 April 2019	At the beginning of financial year	At the end of financial year	At 21 April 2019

Ordinary shares of the Company

Ong Chih Ching ⁽¹⁾⁽²⁾	1,100,000	1,100,000	1,100,000	493,247,143	493,247,143	493,247,143
Leny Suparman ⁽¹⁾⁽³⁾	1,000,000	1,100,000	1,100,000	459,257,142	459,257,142	459,257,142
Yu-Foo Yee Shoon	540,000	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 all 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 493,247,143 (2018: 493,247,143) shares which comprises (i) 428,571,428 (2018: 428,571,428) shares held through KOP Group Pte. Ltd. and, (ii) 64,675,715 (2018: 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 (2018: 459,257,142) shares which comprises (i) 428,571,428 (2018: 428,571,428) shares held through KOP Group Pte. Ltd. and (ii) 30,685,714 (2018: 30,685,714) shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..

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.

DIRECTORS' STATEMENT

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.

Audit and Risk Committee (“ARC”)

As at the date of this statement, the members of the ARC are as follows:

Mr. Lee Kiam Hwee	Chairman and Lead Independent director
Mrs. Yu-Foo Yee Shoon	Independent director
Dr. Ho Kah Leong @ Ho Kah Leung	Independent director
Mr. Ng Hin Lee	Independent director

All ARC members are Non-Executive Independent Directors.

The ARC has met three 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 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.

DIRECTORS' STATEMENT

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

7 August 2019

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 2019, 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.

Qualified Opinion on the comparability of the current year's figures and the corresponding figures due to qualification in the previous financial year

In our opinion, except for the possible effects of the corresponding figures relating to the Group's 2018 consolidated financial performance and consolidated changes in equity as described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with 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 Company as at 31 March 2019 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 Qualified Opinion (Consequential effect of qualification in the previous financial year)

Our audit opinion on the Group's 2018 consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity ("FY2018 Statements") was qualified as we were unable to assess whether any adjustments arising from the opening balances were necessary to the FY2018 Statements. This was in relation to a qualified opinion expressed by the predecessor auditor on the financial statements for the year ended 31 March 2017 as they were unable to obtain sufficient and appropriate audit evidence on the advances from an individual amounting to US\$3,000,000 as disclosed in Note 26.

The FY2018 Statements were presented as corresponding figures in the current year's financial statements. The Singapore Standards on Auditing require the auditor to consider the comparability of current period's figures and the corresponding figures when the audit opinion on corresponding figures was qualified and modify their report where appropriate. Accordingly, our opinion on the current year's financial statements is qualified because of the possible effect of the comparability of the current year's figures and the corresponding figures.

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.

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 2019, the Group has significant properties which comprise development properties amounting to \$124,020,000 and leasehold land and buildings carried at cost model amounting to \$40,966,000. The Group's joint venture company has an investment property, amounting to \$415,235,000, which is carried at fair value as at 31 March 2019.

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 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.

As part of the audit, we assessed the objectivity, independence and expertise of the external professional valuers. 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 with reference to historical information and industry data (where available). In addition, we assessed the adequacy of the disclosures on the development properties and property, plant and equipment in Note 18 and 10 respectively to the financial statements.

2. *Going concern assumption*

As discussed in Note 2.1 to the financial statements, the Group incurred a net loss of \$5,933,000 and net cash flows used in operating activities of \$104,525,000 for the financial year ended 31 March 2019. Significant management judgement is involved in assessing the ability of the Group to meet its financial obligations and manage its liquidity position as part of management's assessment of the going concern assumption used in the preparation of the financial statements. As such, we determined this to be a key audit matter.

As part of our audit procedures, we obtained management's cash flow forecast and evaluated the reasonableness of the key assumptions used in the forecast. We performed stress tests on the key assumptions used, in particular, revenue from sale of properties and resort operations, by comparing these forecasts to historical data and management's plans. We reviewed the letter of undertaking and evaluated the arrangement provided by the Group's major shareholders to subscribe for new shares of the Company, jointly and severally, of up to S\$10 million to enable the Group to meet its liabilities as and when they fall due. We also assessed the adequacy of the disclosures in Note 2.1 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
7 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	Group	
		2019 \$'000	2018 \$'000
Revenue	4	18,682	26,705
Cost of sales		(8,296)	(8,893)
Gross profit		10,386	17,812
Other operating income	5	246	3,324
Distribution costs		(362)	(582)
Administrative and general expenses		(16,931)	(20,636)
Share of results from investments in associates		427	(66)
Share of results from investment in a joint venture		3,889	(3,319)
Finance costs	6	(3,460)	(3,473)
Impairment loss on financial assets	8	(313)	(142)
Loss before tax		(6,118)	(7,082)
Income tax credit/(expense)	7	185	(964)
Loss after tax	8	(5,933)	(8,046)
Other comprehensive income for the financial year			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange difference on translation of foreign operations		(3,246)	1,615
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
Share of gain on property revaluation of a joint venture	15	37,768	–
Total comprehensive income for the financial year		<u>28,589</u>	<u>(6,431)</u>
Loss attributable to:			
Owners of the Company		(5,667)	(7,783)
Non-controlling interests		(266)	(263)
		<u>(5,933)</u>	<u>(8,046)</u>
Total comprehensive income attributable to:			
Owners of the Company		28,944	(6,342)
Non-controlling interests		(355)	(89)
		<u>28,589</u>	<u>(6,431)</u>
Loss per share (cents)			
Basic and diluted	9	<u>(0.51)</u>	<u>(0.79)</u>

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

BALANCE SHEETS

As at 31 March 2019

	Note	Group			Company		
		31 March	31 March	1 April	31 March	31 March	1 April
		2019	2018	2017	2019	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets							
Property, plant and equipment	10	43,574	41,671	59,427	–	3	–
Investment property	11	–	–	11,306	–	–	–
Intangible assets	12	–	–	7	–	–	–
Investments in subsidiaries	13	–	–	–	226,194	144,900	147,400
Investments in associates	14	846	8,669	8,735	–	–	–
Investment in a joint venture	15	100,163	59,392	–	–	–	–
Deferred tax assets	16	40	99	242	–	–	–
Notes receivable	17	–	1,789	16,894	–	–	–
		144,623	111,620	96,611	226,194	144,903	147,400
Current assets							
Development properties	18	124,020	24,306	24,448	–	–	–
Inventories	19	531	527	518	–	–	–
Trade and other receivables	20	3,317	11,458	36,485	2,357	78,489	27,833
Other current assets	21	736	932	755	17	47	22
Notes receivable	17	1,829	8,000	–	–	–	–
Cash and bank balances	22	2,864	9,613	815	38	440	5
		133,297	54,836	63,021	2,412	78,976	27,860
Total assets		277,920	166,456	159,632	228,606	223,879	175,260

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

BALANCE SHEETS

As at 31 March 2019

	Note	Group			Company		
		31 March	31 March	1 April	31 March	31 March	1 April
		2019	2018	2017	2019	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current liabilities							
Bank overdrafts and bank borrowings (secured)	23	1,749	1,131	14,075	–	–	–
Finance leases	24	31	30	20	–	–	–
Sales proceeds received in advance	25	1,341	986	2,445	–	–	–
Tax payable		2,194	523	1,131	4	4	4
Trade and other payables	26	10,532	13,835	24,231	1,568	830	5,015
Loan from a shareholder	27	–	37,000	–	–	37,000	–
		15,847	53,505	41,902	1,572	37,834	5,019
Non-current liabilities							
Deferred tax liabilities	16	2,338	2,716	2,626	–	–	–
Bank borrowings (secured)	23	78,172	10,125	19,822	–	–	–
Finance leases	24	146	177	37	–	–	–
Loan from a shareholder	27	37,000	–	–	37,000	–	–
Loan from a non-controlling interest	28	9,987	–	–	–	–	–
		127,643	13,018	22,485	37,000	–	–
Equity attributable to owners of the Company							
Share capital	29	78,940	78,940	67,861	294,506	294,506	283,427
Foreign currency translation reserves	30	(1,302)	1,855	414	–	–	–
Revaluation reserve	31	37,768	–	–	–	–	–
Other reserves	32	2,094	1,520	1,520	–	–	–
Retained earnings/ (Accumulated losses)		12,372	18,161	25,944	(104,472)	(108,461)	(113,186)
		129,872	100,476	95,739	190,034	186,045	170,241
Non-controlling interests		4,558	(543)	(494)	–	–	–
Total equity		134,430	99,933	95,245	190,034	186,045	170,241
Total liabilities and equity		277,920	166,456	159,632	228,606	223,879	175,260

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 2019

	Share capital \$'000	Foreign currency translation reserves \$'000	Revaluation reserve \$'000	Other reserves \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
As at 1 April 2017 (FRS framework and SFRS (I) framework)	67,861	414	–	1,520	25,944	95,739	(494)	95,245
Total comprehensive income for the financial year								
Loss for the year	–	–	–	–	(7,783)	(7,783)	(263)	(8,046)
Other comprehensive income for the year	–	1,441	–	–	–	1,441	174	1,615
Total comprehensive income for the financial year	–	1,441	–	–	(7,783)	(6,342)	(89)	(6,431)
Contribution by owners								
Issuance of ordinary shares (Note 29)	11,079	–	–	–	–	11,079	–	11,079
Contribution from non-controlling interests	–	–	–	–	–	–	40	40
Total contribution by owners	11,079	–	–	–	–	11,079	40	11,119
As at 31 March 2018	78,940	1,855	–	1,520	18,161	100,476	(543)	99,933

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 2019

	Share capital \$'000	Foreign currency translation reserves \$'000	Revaluation reserve \$'000	Other reserves \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'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.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

Company	Share capital \$'000	Accumulated losses \$'000	Total \$'000
As at 1 April 2017 (FRS framework and SFRS (I) framework)	283,427	(113,186)	170,241
Profit for the year, representing total comprehensive income for the year	–	4,725	4,725
Issuance of ordinary shares (Note 29)	11,079	–	11,079
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	294,506	(104,472)	190,034

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 2019

	Note	2019 \$'000	2018 \$'000
Operating activities			
Loss before tax		(6,118)	(7,082)
Adjustments for:			
Depreciation of property, plant and equipment	10	2,784	3,251
Gain on disposal of property, plant and equipment	5,8	–	(455)
Gain on strike-off of subsidiaries	5	(2)	(146)
Gain on disposal of a subsidiary	5, 13(d)	–	(23)
Property, plant and equipment written-off	8	45	3
Amortisation of intangible assets	8	–	7
Interest income	5	(112)	(1,038)
Finance costs	6	3,460	3,473
Bad debts written-off	8	313	30
Allowance for doubtful receivables, net	8	–	112
Unrealised foreign exchange differences		(137)	1,845
Share of results of investments in associates		(427)	66
Share of results of investment in a joint venture		(3,889)	3,319
Inventories written-off	8	20	–
Operating cash flows before changes in working capital		(4,063)	3,362
<u>Changes in working capital</u>			
Trade and other receivables		1,793	(2,792)
Other current assets		196	(198)
Development properties		(99,266)	172
Inventories		(24)	(9)
Trade and other payables		464	(5,200)
Sales proceeds received in advance		344	(1,459)
Cash flows used in operating activities		(100,556)	(6,124)
Interest paid		(3,471)	(3,640)
Tax paid		(498)	(1,266)
Net cash flows used in operating activities		(104,525)	(11,030)

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 2019

	Note	2019 \$'000	2018 \$'000
Investing activities			
Purchase of property, plant and equipment	10	(4,666)	(2,678)
Proceeds from disposal of property, plant and equipment		–	492
Partial redemption of notes receivable		8,000	8,000
Net cash outflow on investment in a joint venture		–	(61,389)
Net cash inflow on disposal of a subsidiary	13(d)	–	2,868
Repayment of loan from an associate		6,174	27,000
Dividends received from an associate		8,250	–
Net cash flows generated from/(used in) investing activities		17,758	(25,707)
Financing activities			
Repayment of bank borrowings		(1,471)	(14,539)
Increase in restricted funds placed in escrow accounts		(135)	(474)
Repayment of finance leases		(30)	(83)
Loan from/(Repayment to) non-controlling interests		11,338	(3,792)
Proceeds from issuance of ordinary shares		–	11,079
Proceeds from bank borrowings		69,750	23,000
Proceeds from loan from a shareholder		–	45,000
Repayment of loan to a shareholder		–	(8,000)
Proceeds from finance leases		–	233
Capital contribution from non-controlling interests		400	40
Net cash flows generated from financing activities		79,852	52,464
Net (decrease)/increase in cash and cash equivalents		(6,915)	15,727
Cash and cash equivalents at beginning of the financial year		8,852	(6,800)
Effect of foreign currency translation on cash and cash equivalents		31	(75)
Cash and cash equivalents at end of the financial year	22	1,968	8,852

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 2019

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 venture are disclosed in Note 13, 14 and 15 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)).

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted 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.

Going concern assumption

The Group incurred a net loss of \$5,933,000 (2018: \$8,046,000) and net cash flows used in operating activities of \$104,525,000 (2018: \$11,030,000) for the financial year ended 31 March 2019. 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 will be able to generate sufficient cash flows from operating activities in the next 12 months from the date 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 the shares of the Company for up to \$10 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.1 Basis of preparation (cont'd)

Going concern assumption (cont'd)

If the Group is unable to continue in operational existence for the foreseeable future, the Group 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 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 First-time adoption of (SFRS(I))

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 April 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 April 2018

The accounting policies adopted are consistent with those of the previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for the annual financial periods beginning on or after 1 April 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.2 First-time adoption of (SFRS(I)) (cont'd)

SFRS(I) 9 Financial Instruments

On 1 April 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 April 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. There is no impact arising from SFRS(I) 9 adoption at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. The Group has performed an assessment of its financial assets and concluded that no additional impairment or adjustment is required.

The initial application of SFRS(I) 9 does not have any reclassification effect to the Group's and Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.2 First-time adoption of (SFRS(I)) (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 April 2018.

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group is in business of hotel, resort and cafe operations, provision of management, coordination, consultancy and establishment fee, sale of development properties and assignment of distribution rights.

On the sale of development properties, management has evaluated the terms and conditions in the sale agreement of the development properties held for sale and concluded that its performance obligations are transferred at a point in time, i.e. upon the completion of the development property and handover of the property unit to the buyer. There is no change in revenue recognition for the other revenue streams.

Accordingly, management has assessed that the adoption of SFRS(I) 15 has no material impact on the Group and there is no change in point of revenue recognition upon the adoption of SFRS(I) 15.

For sale and leaseback transactions which result in the recognition of an operating lease, the Group evaluates if the transaction is established at fair value to determine if the profit or loss should be recognised immediately.

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
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to SFRS(I) 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to SFRS(I) 1-28 <i>Long-term Interest in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.3 Standards issued but not yet effective (cont'd)

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at 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.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

On the adoption of SFRS(I) 16, the Group expects to record an adjustment to recognise the right-of-use assets and lease liabilities for its leases previously classified as operating leases and its related tax impact as of 1 April 2019.

Sale and lease-back arrangements

The Group has sale and lease-back arrangement for its development properties in Batam, Indonesia. Under SFRS(I) 16, the Group shall apply the requirements for determining when a performance obligation is satisfied in SFRS(I) 15 *Revenue from Contracts with Customers* to determine whether the transfer of an asset is accounted for as a sale of that asset.

The management has evaluated the terms and conditions in the sale agreement of the development properties held for sale and concluded that the transfer of the development properties satisfies the requirements of SFRS(I) 15 and the performance obligations are transferred at a point in time. The Group expects to measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.3 Standards issued but not yet effective (cont'd)

SFRS(I) 16 Leases (cont'd)

Sale and lease-back arrangements (cont'd)

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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)

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 2019

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 2.22. 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.7 *Property, plant and equipment (cont'd)*

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.

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 *Intangible assets*

Intangible assets acquired separately

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.9 Intangible assets (cont'd)

Intangible assets acquired separately (cont'd)

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives as follows:

Website cost	-	3 years
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Intangible assets relating to film rights

These represent license cost of film rights incurred and cost incurred on content production. The amounts are recognised as intangible assets only if all the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- It is probable that the asset created will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The development cost of the asset can be measured reliably.

Intangible assets are amortised to profit or loss from the title release date on the basis consistent with industry practice over the period of its expected benefits unless the film right is sold to other licensees during the period.

Intangible assets have useful lives as follows:

License cost	-	1 to 4 years
Content production	-	1 to 4 years

Subsequent to initial recognition intangible assets are reported at cost less accumulated amortisation and accumulated impairment. The recoverable amount of intangible assets which have indefinite useful lives is reviewed on annual basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.10 *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.

2.11 *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.

2.12 *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.

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 a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.13 *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 2019

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

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.14 *Financial instruments (cont'd)*

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

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.

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.

2.15 *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.

2.16 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.17 *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.

2.18 *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.

2.19 *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.

2.20 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.21 *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.

2.22 *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.

2.23 *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.

(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.

2.24 *Leases*

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.24 Leases (cont'd)

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

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 2.25(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.

2.25 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.25 Revenue (cont'd)

(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 are recognised at a point in time as and when the services are rendered and satisfying the stipulated conditions in the contract. Management fee from related companies are recognised over time as the related services are provided over the duration of the service contract.

(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 2019

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

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.26 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(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.

2.27 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.

2.28 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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.

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 2019, the Group has significant properties which comprise development properties (carried at the lower of cost or net realisable value) amounting to \$124,020,000 (31 March 2018: \$24,306,000, 1 April 2017: \$24,448,000) and leasehold land and buildings (carried at cost model) amounting to \$40,966,000 (31 March 2018: \$31,588,000, 1 April 2017: \$49,004,000). 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.

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 18 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 15). 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.

The carrying amount of the investment in joint venture as at 31 March 2019 is \$100,163,000 (31 March 2018: \$59,392,000, 1 April 2017: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. Revenue

a) Disaggregation of revenue

Segments	Real estate development and investment		Real estate origination and management services				Hospitality		Entertainment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets												
Singapore	–	–	1,600	200	172	96	–	412	–	1,772	708	
Indonesia	493	1,659	–	–	16,221	13,484	–	–	–	16,714	15,143	
People's Republic of China	–	–	196	10,854	–	–	–	–	–	196	10,854	
	493	1,659	1,796	11,054	16,393	13,580	–	412	–	18,682	26,705	
Major product or service lines												
Management, coordination, consultancy and establishment fee	–	–	1,796	11,054	126	–	–	–	–	1,922	11,054	
Room revenue	–	–	–	–	8,273	6,666	–	–	–	8,273	6,666	
Food & beverage, Spa and other retail revenue	–	–	–	–	7,948	6,818	–	–	–	7,948	6,818	
Cafe operations	–	–	–	–	46	96	–	–	–	46	96	
Sale of development properties	493	1,659	–	–	–	–	–	–	–	493	1,659	
Assignment of distribution rights	–	–	–	–	–	–	–	–	5	–	5	
Rental income	–	–	–	–	–	–	–	–	407	–	407	
	493	1,659	1,796	11,054	16,393	13,580	–	412	–	18,682	26,705	
Timing of transfer of goods or services												
At a point in time	493	1,659	1,596	10,854	8,120	6,914	–	5	–	10,209	19,432	
Over time	–	–	200	200	8,273	6,666	–	407	–	8,473	7,273	
	493	1,659	1,796	11,054	16,393	13,580	–	412	–	18,682	26,705	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. Revenue (cont'd)

b) Contract liabilities

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

	Group		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
Sales proceeds received in advance	1,341	986	2,445

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received 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.

i) Significant changes in contract liabilities are explained as follows:

	Group	
	2019	2018
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	250	1,394

5. Other operating income

	Group	
	2019	2018
	\$'000	\$'000
Net foreign exchange gains	–	45
Government grants received	15	5
Interest income from third parties	25	18
Interest income from an associate	47	125
Interest income from notes receivable	40	895
Bad debts recovered	9	650
Gain on disposal of a subsidiary	–	23
Gain on strike-off of subsidiaries	2	146
Gain on disposal of property, plant and equipment	–	455
Other income	108	962
	246	3,324

In 2018, included in other income were recovery of penalties of \$612,000 previously paid to the Indonesian tax authority.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

6. Finance costs

	Group	
	2019 \$'000	2018 \$'000
Interest expense:		
- Bank overdrafts	–	136
- Revolving credit facility	–	62
- Bank loans	1,301	1,288
- Loan from a shareholder	2,590	1,178
- Others	80	839
	3,971	3,503
Less: Amount capitalised in development properties	(511)	(30)
	3,460	3,473

In 2018, included in other interest expense was an amount of \$823,000 charged by joint venture partners for late capital injection into a joint venture investment.

7. Income tax (credit)/expense

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 March 2019 and 2018 are:

	Group	
	2019 \$'000	2018 \$'000
Consolidated statement of profit or loss and other comprehensive income		
Income taxes		
- Current income taxation	1,898	824
- Under/(Over) provision in prior years	200	(20)
Deferred tax		
- Origination and reversal of temporary differences	(2,283)	160
Income tax (credit)/expenses recognised in profit or loss	(185)	964
Deferred income tax related to other comprehensive income:		
- Net surplus on revaluation of property held by a joint venture company	1,988	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

7. Income tax (credit)/expense (cont'd)

Relationship between tax (credit)/expense and accounting loss

A reconciliation between tax (credit)/expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2019 and 2018 is as follows:

	Group	
	2019 \$'000	2018 \$'000
Loss before tax	(6,118)	(7,082)
Tax at 17% (2018: 17%)	(1,040)	(1,204)
Adjustments:		
Non-deductible expenses	929	1,349
Income not subjected to tax	(1,156)	(1,592)
Effect of partial tax exemption and tax relief	(17)	(26)
Utilisation of previously unrecognised tax losses	(775)	(175)
Deferred tax assets not recognised	2,369	1,446
Tax losses not available to be carried forward	131	52
Under/(Over) provision of tax in prior years	200	(20)
Different tax rates of subsidiaries operating in other jurisdictions	(259)	(136)
Tax effect on share of results from investments in associates	(72)	11
Tax effect on share of results from investment in a joint venture	(661)	564
Others	166	695
	<u>(185)</u>	<u>964</u>

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

At the end of the reporting period, the Group has unutilised tax losses, capital allowances and approved donations of \$37,696,000 (2018: \$28,318,000), \$3,000 (2018: \$3,000) and \$365,000 (2018: \$388,000) respectively, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is 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 \$14,810,000 (2018: \$6,511,000) which will expire in 2020 – 2024 (2018: 2019 – 2023). The donations of \$365,000 (2018: \$388,000) will expire in 2020 – 2023 (2018: 2020 – 2023).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

8. Loss after tax

Loss after tax has been arrived at after charging/(crediting):

	Group	
	2019	2018
	\$'000	\$'000
Directors' remuneration:		
- of the Company	1,733	1,357
- of the subsidiaries	733	774
	2,466	2,131
Directors' fees	157	177
Employee benefits expense (including directors' remuneration)	4,828	5,320
Defined contribution plans (included in employee benefits expense)	354	330
Audit fees:		
- paid to auditors of the Company	228	239
- paid to other auditors	10	56
Impairment loss on financial assets (trade and other receivables)		
- Bad debts written-off	313	30
- Allowance for doubtful receivables, net	-	112
	313	142
Depreciation of property, plant and equipment (Note 10)	2,784	3,251
Amortisation of intangible assets	-	7
Operating lease expense (Note 36)	879	332
Cost of inventories recognised as expenses	4,295	3,317
Cost of development properties recognised as expenses	300	704
Gain on disposal of property, plant and equipment	-	(455)
Property, plant and equipment written-off	45	3
Inventories written-off	20	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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 loan from a shareholder under the arrangement detailed in Note 27 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	
	2019	2018
Loss attributable to owners of the Company (\$'000)	<u>(5,667)</u>	<u>(7,783)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share (number of shares)	<u>1,107,962,214</u>	<u>984,990,584</u>
Basic and diluted loss per share (cents per share)	<u>(0.51)</u>	<u>(0.79)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

Group	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 equipment \$'000	Machinery and equipment \$'000	Assets under construction \$'000	Total \$'000
Cost											
At 1 April 2017	53,913	1,364	2,568	1,189	60	202	3,784	660	10	6,398	70,148
Additions during the year	20	118	151	451	-	50	302	444	6	1,136	2,678
Disposals during the year	-	(19)	(6)	(441)	-	-	(29)	-	-	-	(495)
Disposal of subsidiary	(15,617)	-	-	-	-	(26)	-	(452)	-	-	(16,095)
Write-offs	-	-	(4)	-	-	-	-	-	-	-	(4)
Transfer from assets under construction	-	-	-	-	-	-	545	-	-	(545)	-
Exchange differences	(2,111)	(37)	(137)	1	-	(1)	(25)	5	(1)	(612)	(2,918)
At 31 March 2018	36,205	1,426	2,572	1,200	60	225	4,577	657	15	6,377	53,314
Additions during the year	3,886	172	134	95	-	2	103	165	47	62	4,666
Disposals during the year	(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	46,370	1,674	3,357	1,072	47	115	1,528	792	68	-	55,023

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

Company	Computers \$'000
Cost	
At 1 April 2017	2
Additions during the year	3
At 31 March 2018 and 31 March 2019	<u>5</u>
Accumulated depreciation	
At 1 April 2017	2
Depreciation charge during the year	*
At 31 March 2018	2
Depreciation charge during the year	3
At 31 March 2019	<u>5</u>
Net carrying amounts	
At 31 March 2019	<u>–</u>
At 31 March 2018	<u>3</u>
At 1 April 2017	<u>–</u>

* Amount is less than one thousand.

Assets held under finance leases

The carrying amount of motor vehicles held under finance leases at the end of the financial period was \$233,000 (31 March 2018: \$310,000, 1 April 2017: \$33,000).

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold land and buildings and assets under construction with a total carrying amount of \$40,966,000 (31 March 2018: \$37,965,000, 1 April 2017: \$55,402,000) are mortgaged to secure the Group's bank loans (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

11. Investment property

	Group		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
<u>At fair value</u>			
Balance at beginning of the year	–	11,306	9,699
Reclassification from property, plant and equipment	–	–	1,267
Fair value gain credited to profit or loss	–	–	340
Disposal of subsidiary	–	(11,306)	–
Balance at end of the year	–	–	11,306

The investment property held by the Group as at 1 April 2017 is as follows:

Location	Description	Gross Area (Sq. Feet)
Investment property located at 25 Tai Seng Avenue, KOP Building #02-01, #03-02, #03-03, #04-01, #04-02 and #05-01, Singapore 534104	Commercial	27,000

Valuation of investment property

Investment property was stated at fair value, which was determined based on valuations performed as at 1 April 2017. The valuation was performed by Savills Valuation And Professional Services (S) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued.

The valuation was arrived using Comparable Sales Method and Income Capitalisation Method based on assumption that investment property has a tenure of 30 years with effect from 25 December 2007 with an entitlement to a further term of 29 years. In estimating the fair value of the investment property, the highest and best use of the property is their current use.

The following table shows the significant unobservable inputs used in the valuation models for the investment property during the financial year ended 1 April 2017:

Valuation technique	Significant unobservable input(s)	Commercial
Comparable sales method	Comparable price (Price per square metre) ⁽¹⁾	\$4,561
Income capitalisation method	Capitalisation rate ⁽²⁾	6.0%

⁽¹⁾ Any significant isolated increase/(decrease) in these inputs would result in a significantly higher/(lower) fair value measurement.

⁽²⁾ Any significant isolated increase/(decrease) in these inputs would result in a significantly lower/(higher) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

11. Investment property (cont'd)

The property rental income from the Group's investment property all of which are leased out under operating leases, amounted to \$Nil (31 March 2018: \$407,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to \$Nil (31 March 2018: \$155,000).

On 29 December 2017, the Group completed a sale and purchase agreement to dispose its interest in a wholly-owned subsidiary, Scorpio East Properties Pte. Ltd.. Further details in relation to the disposal are disclosed in Note 13(d). The above investment property was disposed along with the disposal of the subsidiary.

12. Intangible assets

	License cost \$'000	Content production \$'000	Total \$'000
Group			
Cost			
At 1 April 2017 and 31 March 2018	528	149	677
Write-offs	(528)	(149)	(677)
At 31 March 2019	-	-	-
Accumulated amortisation			
At 1 April 2017	370	74	444
Amortisation	7	-	7
At 31 March 2018	377	74	451
Write-offs	(377)	(74)	(451)
At 31 March 2019	-	-	-
Accumulated impairment			
At 1 April 2017 and 31 March 2018	151	75	226
Write-offs	(151)	(75)	(226)
At 31 March 2019	-	-	-
Net carrying amount			
At 31 March 2019	-	-	-
At 31 March 2018	-	-	-
At 1 April 2017	7	-	7

The amortisation expense amounting to \$Nil (31 March 2018: \$7,000) has been included in the line item "cost of sales" in the consolidated statement of profit or loss and other comprehensive income. The expected useful life of the intangible assets ranges between one to four years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries

	Company		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
Unquoted shares, at cost	250,744	250,744	253,944
Less: Allowance for impairment	(105,844)	(105,844)	(106,544)
	144,900	144,900	147,400
Loans and receivables			
Amount due from a subsidiary	81,294	–	–
Carrying amount of investments in subsidiaries	226,194	144,900	147,400

The amount due from a subsidiary was previously repayable on demand. On 31 March 2019, the Company and the subsidiary have renegotiated the terms of this instrument and the amount would be repayable at the discretion of the subsidiary.

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

	Company		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
Balance at beginning of the year	105,844	106,544	101,457
Charged to profit or loss	–	–	5,163
Write-offs	–	(700)	(76)
Balance at end of the year	105,844	105,844	106,544

In 2017 and 2018, the write-offs were related to the strike-off of subsidiaries.

In 2017, the allowance for impairment for investment in subsidiaries was recorded to write-down the carrying amount of the investment in a subsidiary to its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

(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		
		31 March 2019 %	31 March 2018 %	1 April 2017 %
Scorpio East Entertainment Pte. Ltd. ⁽¹⁾	Dormant/ Singapore	100	100	100
Scorpio East Multimedia Pte. Ltd. ⁽⁷⁾	Dormant/ Singapore	–	–	100
Scorpio East Pictures Pte. Ltd. ⁽¹⁾	Dormant/ Singapore	100	100	100
Scorpio East Pictures (H.K.) Limited ⁽⁷⁾	Dormant/ Hong Kong	–	–	100
Scorpio East Productions Pte. Ltd. ⁽¹⁾⁽¹³⁾	Dormant/ Singapore	52.63	52.63	52.63
Scorpio East Properties Pte. Ltd. ⁽⁷⁾	Real estate activities/ Singapore	–	–	100
Dalvey Breeze Pte. Ltd. (formerly known as KOP Entertainment Pte. Ltd.) ⁽¹⁾⁽³⁾	Investment holding/ Singapore	–	100	100
KOP Properties Pte. Ltd. ⁽¹⁾	Investment holding/ Singapore	100	100	100
<i>Subsidiaries held by KOP Properties Pte. Ltd.</i>				
Montigo Nongsa Pte. Ltd. ⁽¹⁾	Real estate activities with own or leased property and business and management consultancy services/ Singapore	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

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

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		
		31 March 2019	31 March 2018	1 April 2017
		%	%	%
P.T. Teguh Cipta Pratama ⁽²⁾	Development and provision of resort services/ Indonesia	100	100	100
KOP Properties Ltd ⁽⁷⁾	Letting and operation of owned or leased real estate/ United Kingdom	–	–	100
Montigo Resorts Pte. Ltd. (formerly known as KOP Hospitality Pte. Ltd.) ⁽¹⁾	Management of hotels with restaurants/ Singapore	100	100	100
The Cranley Hotel (IOM) Limited ^{(2) (6)}	Property holding/ Isle of Man	85	85	85
Gramercy Properties Pte. Ltd. ^{(1) (11) (12)}	Real estate development/ Singapore	82.81	100	100
KOP Properties (HK) Limited ^{(2) (5)}	Property management and consultancy/ Hong Kong	51	51	51
KOP Cecil Pte. Ltd. ⁽¹⁾	Investment holding/ Singapore	100	100	100
KOP Properties Shanghai Operation and Management Pte. Ltd. ⁽¹⁾	Real estate operation and management services/ Singapore	100	100	100
Wintastar Holdings Pte. Ltd. ⁽¹⁾	Investment holding and business management consultancy services/ Singapore	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

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

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		
		31 March 2019 %	31 March 2018 %	1 April 2017 %
Dalvey Breeze Pte. Ltd. (formerly known as KOP Entertainment Pte. Ltd. ⁽¹⁾⁽³⁾)	Investment holding/ Singapore	100	–	–
<i>Subsidiary held by Gramercy Properties Pte. Ltd.</i>				
P.T. Montigo Seminyak ⁽²⁾⁽¹²⁾	Development and provision of hotel services/ Indonesia	82.81	100	100
<i>Subsidiary held by KOP Properties (HK) Limited</i>				
KOP Management Services (Shanghai) Co., Ltd. ⁽²⁾⁽⁵⁾	Property management and consultancy/ People's Republic of China	51	51	51
<i>Subsidiaries held by Montigo Resorts Pte. Ltd.</i>				
Franklyn Hotels & Resorts (Europe) Limited ⁽²⁾⁽⁷⁾	Dormant/ United Kingdom	–	100	100
Montigo Resorts Kazakhstan Pte. Ltd. ⁽¹⁾⁽⁹⁾	Investment holding/ Singapore	50	50	50
Cafe Montigo Pte. Ltd. ⁽¹⁾⁽⁴⁾	Cafes and coffee houses/ Singapore	60	60	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

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

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		
		31 March 2019 %	31 March 2018 %	1 April 2017 %
<i>Subsidiaries held by The Cranley Hotel (IOM) Limited</i>				
CHL Hotel Limited (formerly known as Cranley Hotel Limited) ^{(2) (6)}	Provision of hotel services/ United Kingdom	85	85	85
Cranley Real Estate Limited ^{(2) (6) (7)}	Dormant/ United Kingdom	–	85	85
<i>Subsidiary held by Dalvey Breeze Pte. Ltd.</i>				
Dalvey Breeze Development Pte. Ltd. ^{(1) (4)}	Real estate developers/ Singapore	60	–	–
<i>Subsidiaries held by KOP Properties Shanghai Operation and Management Pte. Ltd.</i>				
Wintastar Concepts Pte. Ltd. (formerly known as KOP Winterland Pte. Ltd.) ^{(1) (3) (8)}	Investment holding and operation and management services for real estate development/ Singapore	–	–	85
KOP Properties Operation and Management (Shanghai) Co., Ltd. ^{(2) (3)}	Business management and consultancy/ People's Republic of China	–	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

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

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		
		31 March 2019 %	31 March 2018 %	1 April 2017 %
Subsidiaries held by Wintastar Holdings Pte. Ltd.				
Wintastar Real Estate Pte. Ltd. ⁽¹⁾	Investment holding and real estate activities/ Singapore	100	100	100
Wintastar Operations Pte. Ltd. ⁽¹⁾⁽⁴⁾	Investment holding and business management consultancy services/ Singapore	100	100	–
Wintastar Concepts Pte. Ltd. (formerly known as KOP Winterland Pte. Ltd.) ⁽¹⁾⁽³⁾⁽⁸⁾	Investment holding and operation and management services for real estate development/ Singapore	85	85	–
KOP Properties Operation and Management (Shanghai) Co., Ltd. ⁽²⁾⁽³⁾	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	100
Subsidiary held by Wintastar Operations Pte. Ltd.				
WS Shanghai Operations Pte. Ltd. ⁽¹⁾⁽⁴⁾	Investment holding and business management consultancy services/ Singapore	100	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

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

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		
		31 March 2019 %	31 March 2018 %	1 April 2017 %
<i>Subsidiary held by Wintastar Concepts Pte. Ltd. (formerly known as KOP Winterland Pte. Ltd.)</i>				
KOP Winterland Operation and Management (Shanghai) Co., Ltd. ^{(2) (8)}	Investment management and consultancy/ People's Republic of China	85	85	85
<i>Subsidiary held by Montigo Resorts Kazakhstan Pte. Ltd.</i>				
Montigo Resorts Kazakhstan Limited Liability Partnership ^{(4) (7)}	Dormant/ Republic of Kazakhstan	–	50	–

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

(2) Audited by other auditors.

(3) Transferred during the financial year ended 31 March 2019, 31 March 2018 and 1 April 2017.

(4) Incorporated during the financial year ended 31 March 2019 and 31 March 2018.

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

(6) Collectively known as "Cranley Group".

(7) Struck off/disposed during the financial year ended 31 March 2019, 31 March 2018 and 1 April 2017.

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

(9) This subsidiary is inactive and the Group has control over this subsidiary as it has full board representation in this subsidiary to make decision over its relevant activities.

(10) Not audited as the subsidiary has been dormant since incorporation.

(11) On 10 July 2018, the Group received a notice from the individual lender indicating his intention to convert the loan into shares in subsidiary, Gramercy Properties Pte. Ltd ("Gramercy"). Accordingly, in accordance with the terms of the Loan Deed and the conversion formula set out in the Loan Deed, the Group disposed 17.19% interest in Gramercy to the individual lender in full and final settlement of the loan and accrued interest.

(12) Collectively known as "Gramercy Group".

(13) Struck off subsequent to year-end.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

(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 reporting period			Accumulated NCI at the end of the reporting period		
		31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
		%	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cranley Group	United Kingdom	15.00	15.00	15.00	(33)	(24)	900	2,059	2,127	2,107
KOP HK Group	Hong Kong & People's Republic of China	49.00	49.00	49.00	(18)	28	(78)	(2,353)	(2,284)	(2,435)
Scorpio East Productions Pte. Ltd.	Singapore	47.37	47.37	47.37	(8)	12	341	–	8	(4)
Wintastar Concepts Group	Singapore & People's Republic of China	15.00	15.00	15.00	(72)	(205)	(134)	(420)	(348)	(149)
Gramercy Group	Singapore & Indonesia	17.19	–	–	(195)	–	–	3,510	–	–
Dalvey Breeze Development Pte. Ltd.	Singapore	40.00	–	–	(8)	–	–	1,743	–	–
Individual subsidiaries with immaterial non-controlling interests					68	(74)	(9)	19	(46)	(13)
					(266)	(263)	1,020	4,558	(543)	(494)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. 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			Scorpio East Production Pte. Ltd.			Wintastar Concepts Group			Gramercy Group			Dalvey Breeze Development Pte. Ltd.		
	31 March 2019	31 March 2018	31 March 2017	31 March 2019	31 March 2018	31 March 2017	31 March 2019	31 March 2018	31 March 2017	31 March 2019	31 March 2018	31 March 2017	31 March 2019	31 March 2018	31 March 2017	31 March 2019	31 March 2018	31 March 2017
Summarised balance sheets																		
Current																		
Assets	15,399	15,894	15,741	222	235	231	–	23	45	263	132	323	1,594	–	–	–	–	–
Liabilities	(1,670)	(253)	(308)	(5,073)	(4,954)	(5,250)	–	(5)	(53)	(3,067)	(2,451)	(1,316)	(6,659)	–	–	–	–	–
Net current assets/(liabilities)	13,729	15,641	15,433	(4,851)	(4,719)	(5,019)	–	18	(8)	(2,804)	(2,319)	(993)	(5,065)	–	–	–	–	–
Non-current																		
Assets	–	–	–	49	58	50	–	–	–	5	2	1	34,187	–	–	–	–	–
Liabilities	–	(1,462)	(1,389)	–	–	–	–	–	–	–	–	–	(8,703)	–	–	–	–	–
Net non-current assets/(liabilities)/assets	–	(1,462)	(1,389)	49	58	50	–	–	–	5	2	1	25,484	–	–	–	–	–
Net assets/(liabilities)	13,729	14,179	14,044	(4,802)	(4,661)	(4,969)	–	18	(8)	(2,799)	(2,317)	(992)	20,419	–	–	–	–	–
Summarised statement of profit or loss and other comprehensive income																		
Revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(Loss)/Profit after tax	(223)	(162)	6,002	(37)	57	(159)	(18)	26	722	(480)	(1,368)	(890)	(2,484)	–	–	–	–	–
Other comprehensive income	(227)	297	(184)	(104)	251	(113)	–	–	–	(2)	43	(44)	(132)	–	–	–	–	–
Total comprehensive income	(450)	135	5,818	(141)	308	(272)	(18)	26	722	(482)	(1,325)	(934)	(2,616)	–	–	–	–	–
Other summarised information																		
Net cash flow from operations	3	(9)	(1,408)	(2)	1	(89)	(22)	8	731	(634)	(879)	(793)	4,831	–	–	–	–	–
Net cash flow from investing	–	–	16,734	–	–	87	13	–	(732)	(5)	(1)	(2)	(3,325)	–	–	–	–	–
Net cash flow from financing	–	–	(15,575)	–	–	(2)	–	–	(1)	583	928	797	(1,606)	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

(d) Loss of control in a subsidiary

On 29 December 2017, the Group completed a sale and purchase agreement to dispose the entire issued and paid-up share capital and property of its wholly-owned subsidiary, Scorpio East Properties Pte. Ltd. for a consideration of S\$2,875,000, excluding completion adjustment amount. The purchase consideration was fully settled in cash. The disposal was completed on 29 December 2017, on which date control of Scorpio East Properties Pte. Ltd. passed to the acquirer.

The value of assets and liabilities of Scorpio East Properties Pte. Ltd. recorded in the consolidated financial statements as at 29 December 2017, and the effects of the disposal were:

	2018
	<u>\$'000</u>
Property, plant and equipment	14,520
Investment property	11,306
Trade and other receivables	16
Other current assets	22
Cash and cash equivalents	794
	<u>26,658</u>
Trade and other payables	(813)
Bank borrowings (secured)	(23,000)
Carrying value of the net assets	<u>2,845</u>
Consideration	2,875
Add: Completion adjustment amount	794
Total consideration received	<u>3,669</u>
Less: Cash and cash equivalents of subsidiary disposed	(794)
Less: Transaction costs	(7)
Net cash inflow on disposal of a subsidiary	<u>2,868</u>
Gain on disposal:	
Net cash inflow on disposal of a subsidiary	2,868
Net assets derecognised	<u>(2,845)</u>
Gain on disposal	<u>23</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investments in subsidiaries (cont'd)

- (e) Disposal in shares in subsidiary without a change in control

On 10 July 2018, the Group received a notice from the individual lender (Note 26) 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. More information of the loan deed can be found in Note 26 to the financial statements.

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

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

14. Investments in associates

	Group		
	31 March	31 March	1 April
	2019	2018	2017
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost of investments ⁽¹⁾	600	600	600
Share of post-acquisition profit and losses, net of dividend received	246	8,069	8,135
	<u>846</u>	<u>8,669</u>	<u>8,735</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

14. Investments in associates (cont'd)

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		
			Group		
			31 March 2019	31 March 2018	1 April 2017
			%	%	%
Art Heritage Singapore Pte. Ltd. ⁽³⁾	Art and cultural exhibitions	Singapore	20	20	20
Epic Land Pte. Ltd. ⁽²⁾ ("Epic Land")	Investment holding company	Singapore	25	25	25

⁽¹⁾ Includes an investment in an associate, Epic Land of \$25.

⁽²⁾ Audited by Ernst & Young LLP, Singapore.

⁽³⁾ In liquidation.

The Group has recognised its share of losses in Art Heritage Singapore Pte. Ltd. amounting to \$600,000 (31 March 2018: \$600,000, 1 April 2017: \$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 (31 March 2018: \$2,191,000, 1 April 2017: \$2,191,000). There was no (31 March 2018: \$Nil, 1 April 2017: \$343,000) share of losses in this associate for the year. The Group has no obligation in respect of these losses.

Dividend of \$8,250,000 (31 March 2018: \$Nil) was received from Epic Land in the financial period ended 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

14. Investments in associates (cont'd)

The summarised financial information in respect of the Group's material associates is based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Epic Land		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
<i>Summarised balance sheet</i>			
Current assets	13,726	149,595	182,304
Non-current assets	–	–	–
Total assets	13,726	149,595	182,304
Current liabilities	(10,343)	(33,118)	(147,363)
Non-current liabilities	–	(81,800)	–
Total liabilities	(10,343)	(114,918)	(147,363)
Net assets	3,383	34,677	34,941
Proportion of the Group's ownership interest in Epic Land	25%	25%	25%
Carrying amount of the Group's ownership interest in Epic Land	846	8,669	8,735
<i>Summarised statement of profit or loss and other comprehensive income</i>			
Revenue	13,612	18,950	36,014
Profit/(Loss) for the year, representing total comprehensive income for the year	1,706	(264)	7,585

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

15. Investment in a joint venture

In June 2017, the Group's indirect wholly-owned subsidiary, KOP Northern Lights Pte. Ltd. has incorporated a joint venture company, Shanghai Snow Star Properties Co., Ltd. ("Snow Star") in Shanghai, People's Republic of China. The Group has 30% (2018: 30%) interest in the ownership and voting rights in Snow Star. The Group jointly controls the venture 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 Snow Star based on its IFRSs financial statements, and the reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet	2019	2018
	\$'000	\$'000
Current assets	3,338	11,933
Includes:		
- Cash and bank balances	3,135	11,253
Current liabilities	2,794	7,674
Includes:		
- Other current liabilities (including trade and other payables)	2,794	7,674
Non-current assets	417,735 ⁽¹⁾	204,566
Non-current liabilities	73,549	–
Net assets	344,730	208,825
Proportion of the Group's ownership interest	30%	30%
Group's share of net assets	103,419	62,648
Consolidation adjustment arising from transaction with a joint venture	(3,256)	(3,256)
Carrying amount of the investment in a joint venture	100,163	59,392

⁽¹⁾ The Group's joint venture company has an investment property amounting to \$415,235,000, which is carried at fair value as at 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

15. Investment in a joint venture (cont'd)

	2019 \$'000	2018 \$'000
Summarised statement of profit or loss and other comprehensive income		
Revenue	–	–
Interest income	24	–
Fair value gain on investment property	17,312	–
Expenses	(46)	(210)
Includes:		
- Depreciation and amortisation	–	–
- Finance costs	–	(178)
Profit/(Loss) before tax	17,290	(210)
Income tax expenses	(4,328)	–
Profit/(Loss) after tax	12,962	(210)
Other comprehensive income:		
- Exchange difference on translation of foreign operations	(9,575)	4,405
- Revaluation to fair value of property ⁽¹⁾	132,518	–
Total comprehensive income	<u>135,905</u>	<u>4,195</u>

⁽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 16)).

16. 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	Cash receipts for uncompleted development properties ⁽¹⁾ \$'000
At 1 April 2017	(242)
Charged to profit or loss	143
At 31 March 2018 and 1 April 2018	(99)
Charged to profit or loss	59
At 31 March 2019	<u>(40)</u>

⁽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 2019

16. Deferred tax (cont'd)

(b) *Deferred tax liabilities*

	Accelerated tax depreciation over accounting depreciation	Deferred tax on gain from sale of a property ⁽¹⁾	Revaluation arising from reverse takeover exercise ⁽²⁾	Others ⁽³⁾	Accrued income ⁽⁴⁾	Revaluation to fair value of property	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
At 1 April 2017	65	1,389	1,172	–	–	–	2,626
Charged/(Credited) to profit or loss	97	–	(1,172)	729	363	–	17
Exchange differences	–	73	–	–	–	–	73
At 31 March 2018 and 1 April 2018	162	1,462	–	729	363	–	2,716
Charged/(Credited) 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

(1) The deferred tax arose from the disposal of a property in the United Kingdom in 2016. The deferred tax will be payable if the sale proceeds is not reinvested into a qualifying asset by April 2019. As at 31 March 2019, the sales proceeds were not reinvested into a qualifying asset and the deferred tax was reversed. Correspondingly, the current income tax payable was provided for.

(2) The deferred tax arose from the revaluation of KOP Building during the reverse takeover exercise in 2013. The building was disposed on 29 December 2017.

(3) Others comprise mainly tax effect on overseas income.

(4) The deferred tax arose on overseas income earned by not yet remitted into Singapore. In the financial year ended 31 March 2019, the overseas income was remitted into Singapore and the deferred tax was reversed. Correspondingly, the current income tax payable was provided for.

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2018: \$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 as there is no income tax payable on the subsequent distributions of profits from associates.

As at 31 March 2019, there are no other temporary differences for which no deferred tax liability has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

17. Notes receivable

	Group		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
Notes receivable	1,829	9,789	16,894
Less: Notes receivable due for settlement within next 12 months	(1,829)	(8,000)	–
Notes receivable due for settlement after 12 months	–	1,789	16,894

Notes receivable is 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 is interest-bearing at 8.0% (31 March 2018: 8.0%, 1 April 2017: 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 2018, Royce served a notice of redemption to the Group to partially redeem a principal amount of \$3,900,000 and interest receivables of \$4,100,000 on 8 May 2018 prior to maturity date. Accordingly, the Group has classified the total of \$8,000,000 of the notes receivable as current asset.

During the year ended 31 March 2019, notes receivable amounting to \$8,000,000 (31 March 2018: \$8,000,000, 1 April 2017: \$21,000,000) was early redeemed and settled by cash.

18. Development properties

Development properties consist of unsold properties under development.

	Group		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
Completed properties held for sale	16,741	9,292	15,360
Properties under development	107,279	15,014	9,088
	124,020	24,306	24,448

Development properties were analysed as follows:

	Group		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
Land and other related costs	95,355	2,355	2,355
Development cost, related overhead expenditure and financing charge incurred to-date	63,759	56,757	56,195
Cost of development properties	159,114	59,112	58,550
Transferred to cost of sales	(35,094)	(34,806)	(34,102)
	124,020	24,306	24,448

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

18. Development properties (cont'd)

The interest expense capitalised during the financial year amounted to \$511,000 (Note 6) (31 March 2018: \$30,000, 1 April 2017: \$123,000).

All development properties are pledged as securities for bank borrowings (Note 23). Borrowing costs capitalised during the financial year were from loans borrowed specifically for the development properties.

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 2021

19. Inventories

	Group		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Supplies and consumables	531	527	518

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 2019

20. Trade and other receivables

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Trade receivables						
- Third parties	451	861	1,433	–	2	–
- Related companies	726	467	–	–	–	–
- Related parties	18	–	–	–	–	–
- Joint venture	115	–	–	–	–	–
- Subsidiaries	–	–	–	–	8,045	6,320
	1,310	1,328	1,433	–	8,047	6,320
Other receivables						
- Third parties	1,864	1,763	1,522	*	20	–
- Related companies	143	143	520	–	–	30
- Associate	–	–	8	–	–	–
- Subsidiaries	–	–	–	2,357	70,422	21,483
Loan to associate	–	6,127	33,002	–	–	–
Accrued income from a joint venture	–	2,097	–	–	–	–
	2,007	10,130	35,052	2,357	70,442	21,513
Total trade and other receivables	3,317	11,458	36,485	2,357	78,489	27,833
Add:						
Notes receivable (Note 17)	1,829	9,789	16,894	–	–	–
Other current assets, excluding prepayments (Note 21)	192	532	163	*	32	1
Cash and bank balances (Note 22)	2,864	9,613	815	38	440	5
Total financial assets carried at amortised cost	8,202	31,392	54,357	2,395	78,961	27,839

* Amount is less than one thousand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

20. Trade and other receivables (cont'd)

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

	Group		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
United States Dollar	323	2,427	144
Great Britain Pounds	635	668	7,391
Indonesian Rupiah	1,467	1,367	492

Trade receivables

The average credit period on sale of goods and rendering of services ranges between 30 to 90 days (31 March 2018: 30 to 90 days, 1 April 2017: 30 to 90 days). No interest is charged on the overdue balances.

Accrued income from a joint venture

The accrued income relates to services rendered to joint venture company, Shanghai Snow Star Properties Co., Ltd. ("Snow Star"). The billing is conditional upon the receipt of permits issued from the China authority required for the joint venture project in Shanghai, People's Republic of China.

Amounts due from subsidiaries, associate, related companies, related parties and joint venture (trade and non-trade) and other receivables

The trade and non-trade receivables due from subsidiaries, associates, 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.

The amount of \$81,294,000 due from a subsidiary was previously repayable on demand. On 31 March 2019, the Company and the subsidiary have renegotiated the terms of this instrument and the amount would be repayable at the discretion of the subsidiary. As at 31 March 2019, the amount form part of the Company's net investment in subsidiaries (Note 13).

Loan to an associate

The loan to an associate is unsecured, bears fixed interest of 3% (31 March 2018: 3%, 1 April 2017: 3%) per annum, repayable on demand and is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

20. Trade and other receivables (cont'd)

As at 31 March 2018, the Group and the Company have trade receivables amounting to \$1,055,000 (1 April 2017: \$1,029,000) and \$7,682,000 (1 April 2017: \$6,001,000) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group		Company	
	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Past due <3 months	285	114	612	563
Past due 3 to 6 months	178	233	1,340	1,129
Past due over 6 months	592	682	5,730	4,309
	<u>1,055</u>	<u>1,029</u>	<u>7,682</u>	<u>6,001</u>

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period are as follows:

	Group		Company	
	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Trade receivables – nominal amounts	408	979	1,276	1,220
Less: Allowance for impairment	(408)	(979)	(1,276)	(1,220)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Movement in allowance accounts:				
At beginning of the year	979	1,308	1,220	1,124
(Credited)/Charged to profit or loss	(571)	90	(456)	96
Transfer from subsidiary ⁽¹⁾	–	–	512	–
Written off	–	(385)	–	–
Exchange differences	–	(34)	–	–
At end of the year	<u>408</u>	<u>979</u>	<u>1,276</u>	<u>1,220</u>

⁽¹⁾ During the financial year ended 31 March 2018, the Company disposed off Scorpio East Properties Pte. Ltd. ("SEPP"). Accordingly, as at 31 March 2018, the trade receivables due from Scorpio East Entertainment Pte. Ltd. to SEPP of \$512,000, for which allowance for doubtful receivables was made in the prior year, were transferred to the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

20. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	31 March 2019	
	Group \$'000	Company \$'000
Movement in allowance accounts:		
At beginning of the year	408	1,276
Written off	–	(1,276)
At end of the year	408	–

Other receivables that are impaired

The Group's other receivables that are impaired at the end of the reporting period are as follows:

	Group		Company	
	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Other receivables – nominal amounts	1,087	1,143	4,837	4,010
Less: Allowance for impairment	(1,087)	(1,143)	(4,837)	(4,010)
	–	–	–	–
Movement in allowance accounts:				
At beginning of the year	1,143	890	4,010	5,429
Charged/(Credited) to profit or loss	683	253	212	(2,121)
Transfer from subsidiary ^{(1) (2)}	–	–	615	702
Written off	(739)	–	–	–
At end of the year	1,087	1,143	4,837	4,010

⁽¹⁾ During the financial year ended 31 March 2018, the Company disposed off Scorpio East Properties Pte. Ltd. ("SEPP"). Accordingly, as at 31 March 2018, the other receivables due from Scorpio East Entertainment Pte. Ltd. to SEPP of \$615,000 respectively, for which allowance for doubtful receivables was made in the prior year, were transferred to the Company.

⁽²⁾ During the financial year ended 1 April 2017, the Company was in the process of striking off Scorpio East Multimedia Pte. Ltd. ("SEMP"). Accordingly, as at 1 April 2017, the receivables due from Scorpio East Pictures Pte. Ltd. to SEMPL of \$702,000, for which allowance for doubtful receivables was made in prior year, were transferred to the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

20. Trade and other receivables (cont'd)

All trade and other receivables are individually determined to be impaired for the years ended 31 March 2018 and 31 March 2017. The receivables that are impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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

Expected credit losses

	31 March 2019	
	Group	Company
	\$'000	\$'000
Movement in allowance accounts:		
At beginning of the year	1,087	4,837
Written off	–	(4,746)
At end of the year	1,087	91

21. Other current assets

	Group			Company		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deposits	192	532	163	*	32	1
Prepayments	544	400	592	17	15	21
	736	932	755	17	47	22

* Amount is less than one thousand.

22. Cash and bank balances

	Group			Company		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at banks and on hand	1,968	8,852	528	38	440	5
Funds placed in escrow accounts	896	761	287	–	–	–
	2,864	9,613	815	38	440	5

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

22. Cash and bank balances (cont'd)

Cash and bank balances denominated in foreign currencies at 31 March are as follows:

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
United States Dollar	970	973	309	–	–	–
Hong Kong Dollar	10	10	11	–	–	–
China Renminbi	105	4	26	–	–	–
Great Britain Pounds	2	1	10	–	–	–
Indonesian Rupiah	546	518	165	–	–	–

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		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Cash and bank balances	2,864	9,613	815	38	440	5
Less: Bank overdrafts (Note 23)	–	–	(7,328)	–	–	–
Less: Restricted funds placed in escrow accounts	(896)	(761)	(287)	–	–	–
Cash and cash equivalents in the consolidated cash flow statement	1,968	8,852	(6,800)	38	440	5

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 23). The minimum balance is equivalent to the aggregate of three months interest and principal on the term loan during the instalment period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

23. Bank overdrafts and bank borrowings (secured)

	Group		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Current			
Bank overdrafts	–	–	7,328
Revolving credit facility	–	–	4,000
Fixed rate bank loan:			
- 5-year USD term loan	–	–	726
- 7-year USD term loan	1,749	1,131	891
Variable rate bank loan:			
- SGD land and building loan	–	–	1,130
	<u>1,749</u>	<u>1,131</u>	<u>14,075</u>
Non-current			
Fixed rate bank loans			
- 7-year USD term loan	8,722	10,125	12,000
Variable rate bank loan:			
- SGD land and building loan	–	–	7,822
- SGD land and construction loan	69,450	–	–
	<u>78,172</u>	<u>10,125</u>	<u>19,822</u>
Total bank overdrafts and bank borrowings (secured)	<u>79,921</u>	<u>11,256</u>	<u>33,897</u>

The Group's bank overdrafts and bank borrowings comprise the followings:

(a) **Bank overdrafts**

As at 1 April 2017, the bank overdrafts were denominated in SGD, bore an effective interest rate of 5.75% per annum and were repayable on demand. The bank overdrafts were arranged at floating rates and secured by legal mortgage of the investment property, leasehold land and building of the subsidiary and corporate guarantee from the Company.

The bank overdrafts were fully repaid during the financial year ended 31 March 2018.

(b) **Revolving credit facility**

As at 1 April 2017, the revolving credit facility ("RC") of \$4,000,000 was denominated in SGD, bore interest at 4.45% per annum and matured on 10 April 2017. The RC was arranged at floating rate and secured by legal mortgage of the investment property, leasehold land and building of the subsidiary and corporate guarantee from the Company.

The RC was fully repaid during the financial year ended 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

23. Bank overdrafts and bank borrowings (secured) (cont'd)

(c) *5-year USD term loan*

As at 1 April 2017, the 5-year USD term loan of \$726,000 bore interest at 7.00% per annum. The loan was to be repaid over 60 monthly instalments after its first drawdown. The loan was secured by legal mortgage of the leasehold land and building of the subsidiary and corporate guarantee from a subsidiary. The loan was denominated in United States Dollar.

The loan was fully repaid during the financial year ended 31 March 2018.

(d) *7-year USD term loan*

The 7-year USD term loan of \$10,471,000 (31 March 2018: \$11,256,000, 1 April 2017: \$12,891,000) bears interest at 7.00% (31 March 2018: 7.00%, 1 April 2017: 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.

(e) *SGD land and building loan*

As at 1 April 2017, the SGD land and building loan of \$8,952,000 bore interest at 3.00% per annum which was based on 2.00% above Cost of Funds. The term loans amounting to \$5,472,000 and \$3,480,000 were repayable in 180 and 168 equal monthly payment respectively, commencing from 1 May 2009. The term loans were secured by legal mortgage of the investment property, leasehold land and building of the subsidiary and corporate guarantee from the Company.

The loan was refinanced with a new term loan that is denominated in SGD, bore interest at 2.60% per annum below the bank's base rate and matures on 10 August 2019.

The loan was fully repaid during the financial year ended 31 March 2018.

(f) *SGD land and construction loan*

As at 31 March 2019, the 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 2019, the Group has fully drawdown on the land loan but has not drawdown on the construction loan.

The loan was secured by legal mortgage of the freehold land of the Group's subsidiary and proportion guarantee from the Company (Note 34).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

23. Bank overdrafts and bank borrowings (secured) (cont'd)

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

	1 April 2018 \$'000	Cash flows, net \$'000	Non-cash changes		31 March 2019 \$'000
			Reclassifi- cation \$'000	Foreign exchange movement \$'000	
Current					
Bank loans	1,131	(1,471)	2,049	40	1,749
Finance leases (Note 24)	30	(30)	31	–	31
Loan from a shareholder (Note 27)	37,000	–	(37,000)	–	–
Non-current					
Bank loans	10,125	69,750	(2,049)	346	78,172
Finance leases (Note 24)	177	–	(31)	–	146
Loan from a shareholder (Note 27)	–	–	37,000	–	37,000
Loan from a non-controlling interest (Note 28)	–	11,338	–	–	11,338

	1 April 2017 \$'000	Cash flows, net \$'000	Disposal of subsidiary \$'000	Non-cash changes		31 March 2018 \$'000
				Reclassifi- cation \$'000	Foreign exchange movement \$'000	
Current						
Revolving credit facility	4,000	(4,000)	–	–	–	–
Bank loans	2,747	12,461	(23,000)	8,988	(65)	1,131
Finance leases (Note 24)	20	10	–	–	–	30
Loan from a shareholder (Note 27)	–	37,000	–	–	–	37,000
Non-current						
Bank loans	19,822	–	–	(8,988)	(709)	10,125
Finance leases (Note 24)	37	140	–	–	–	177

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

24. Finance leases

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Amounts payable under finance leases:						
Within one year	39	39	22	31	30	20
Between two to five years	157	157	39	143	136	37
After five years	3	43	–	3	41	–
	199	239	61	177	207	57
Less: Future finance charges	(22)	(32)	(4)	–	–	–
Present value of lease obligations	177	207	57	177	207	57
Less: Amount due for settlement within 12 months (shown under current liabilities)				(31)	(30)	(20)
Amount due for settlement after 12 months				146	177	37

The Group has finance lease for motor vehicles. The term of the finance lease is 7 years (31 March 2018: 7 years, 1 April 2017: 7 years) and bears interest rate of 2.58% per annum (31 March 2018: 2.58% per annum, 1 April 2017: 2.80% 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).

25. Sales proceeds received in advance

The sales proceeds received in advance relate to the consideration received from the sale of development properties which the property has yet to be passed to the purchaser.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

26. Trade and other payables

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Trade payables	3,890	3,850	7,789	24	114	251
Accrued operating expenses	2,395	2,977	3,825	803	680	885
Advances from non-controlling interests (Note A)	2,014	5,898	9,690	–	–	–
Deposits received ⁽¹⁾	659	376	590	–	–	–
Amounts due to directors	714	93	339	714	–	–
Amounts due to ultimate holding company	–	–	433	–	–	–
Amounts due to related companies	1	38	42	–	–	–
Amounts due to subsidiaries	–	–	–	–	13	3,847
Other payables	859	603	1,523	27	23	32
	10,532	13,835	24,231	1,568	830	5,015
Trade and other payables (excluding non-refundable deposits)	9,873	13,459	23,820	1,568	830	5,015
Add:						
Bank overdrafts and bank borrowings (secured) (Note 23)	79,921	11,256	33,897	–	–	–
Finance leases (Note 24)	177	207	57	–	–	–
Loan from a shareholder (Note 27)	37,000	37,000	–	37,000	37,000	–
Loan from a non-controlling interest (Note 28)	9,987	–	–	–	–	–
Total financial liabilities carried at amortised cost	136,958	61,922	57,774	38,568	37,830	5,015

⁽¹⁾ The deposits received include non-refundable deposits of \$659,000 (31 March 2018: \$376,000, 1 April 2017: \$411,000) mainly received from resort guests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

26. Trade and other payables (cont'd)

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

	Group		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
United States Dollar	1,501	5,386	5,755
Hong Kong Dollar	46	45	48
China Renminbi	182	271	287
Great Britain Pounds	198	87	239
Euros	–	10	10
Indonesian Rupiah	5,492	4,905	9,089

Trade payables/Other payables

The average credit period on purchases of goods and services ranges between 30 to 120 days (31 March 2018: 30 to 120 days, 1 April 2017: 30 to 120 days). No interest is charged on the overdue balances.

As at 1 April 2017, \$570,000 of the non-trade payable to third parties bear fixed interest of 6.5% per annum. The amount was fully repaid during the financial year ended 31 March 2018.

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.

Note A

As at 31 March 2018, included in advances from non-controlling interests was an amount of US\$3,000,000 equivalent to \$3,932,250 (1 April 2017: US\$3,000,000, equivalent to \$4,192,000) owing to an individual, who is also a shareholder of the Company. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

26. Trade and other payables (cont'd)

Note A (cont'd)

The Group's intent for the advances to be interest-free, repayable on demand and free from all liens, charges and other encumbrances.

The predecessor auditor expressed a qualified opinion on the financial statements of the Group for the financial year ended 31 March 2017 in respect of these advances owing to this individual as the terms of these advances in the loan agreement and related documents between the individual and the Group were not consistent with management's intent or explanation.

The Group explained that the same terms (i.e. the advances to be interest-free, repayable on demand and free from all liens, charges and other encumbrances) were confirmed and acknowledged by the individual since financial year ended 31 March 2014.

Around February 2018, the Group and the individual entered into negotiations regarding the terms of the advances. Following discussions with the individual, on 31 May 2018, the Group entered into a loan deed ("Deed") with the individual to formalise and clarify the terms governing the US\$3,000,000 loan. The key terms of the Deed are as follows:

- For the avoidance of doubts, the amount of US\$3,000,000 advanced to the Group is interest-free, repayable on demand and free from all liens, charges and other encumbrances since the respective dates of drawn down of the loan and as at 31 March 2018.
- The Group and the individual have also set out the newly agreed terms governing the US\$3,000,000 loan from 31 May 2018:
 - The maturity date of the loan of US\$3,000,000 is determined to be one year from the date of Deed.
 - Interest is at 7% per annum and shall accrue from 1 April 2018 until the repayment date.
 - The individual may, in his absolute discretion, elect to convert the loan into shares of a subsidiary (i.e. the borrower of the loan) of the Group any time till the maturity date by providing a notice in writing specifying its intention to convert the loan to the subsidiary's shares, based on a conversion formula.

The loan arrangement did not result in any payments or receipts between the Group and the said individual.

Based on the terms and conditions of the Deed, the advances due to the individual of US\$3,000,000 as at 31 March 2018 and 1 April 2017 are accounted for as financial liabilities and are interest-free, repayable on demand and free from all liens, charges and other encumbrances.

During the year, the individual elected to convert the loan into shares in a subsidiary, Gramercy Properties Pte. Ltd.. Refer to Note 13 (e) for details of the conversion.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

27. Loan from a shareholder

The loan from a shareholder is denominated in SGD, bears interest at 7% per annum and matures in November 2018. In the financial year ended 31 March 2019, the loan was extended for another 24 months and will be due for repayment in November 2020.

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.

28. 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.

29. Share capital

	Group and Company			Company		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
	Number of ordinary shares ⁽¹⁾			\$'000	\$'000	\$'000
Issued and fully paid-up capital:						
At beginning of the year	1,107,962,214	886,369,771	886,369,771	294,506	283,427	283,427
Issuance of ordinary shares	–	221,592,443	–	–	11,079	–
At end of the year	<u>1,107,962,214</u>	<u>1,107,962,214</u>	<u>886,369,771</u>	<u>294,506</u>	<u>294,506</u>	<u>283,427</u>

⁽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		
	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000
Issued and fully paid-up capital ⁽²⁾ :			
At beginning of the year	78,940	67,861	67,861
Issuance of ordinary shares	–	11,079	–
At end of the year	<u>78,940</u>	<u>78,940</u>	<u>67,861</u>

⁽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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

29. Share capital (cont'd)

For the financial year ended 31 March 2018, the Company issued 221,592,443 ordinary shares for a consideration of \$11,079,000 for the purpose of business development and business expansion.

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.

30. 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.

31. 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.

32. Other reserves

Other reserves arose from transactions with ultimate holding company and a non-controlling interest.

33. 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	
	2019	2018
	\$'000	\$'000
Related companies		
Interest income from notes receivable	(40)	(895)
Associates		
Management fee income	(1,400)	–
Interest income	(47)	(125)
Joint venture company		
Establishment fee income	–	(10,854)
Interest expense	–	823
Consultancy fee income	(126)	–
Entity which the directors of the Company have interest in		
Management fee income	(200)	(200)
Purchase of equipment	–	28
Sales of goods	–	(5)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Other related parties transactions (cont'd)

- (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: (cont'd)

	Group	
	2019	2018
	\$'000	\$'000
Transactions with directors		
Management fee income from development properties sold	(7)	(7)
Sales of goods	–	(1)
Shared return from development properties	22	12
Guarantors fee	1,114	–
Transactions with a shareholder of the Company		
Loan from a shareholder	–	37,000
Interest expense on loan from a shareholder	2,590	1,178

The guarantors fee were paid to the Group's 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.

- (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	
	2019	2018
	\$'000	\$'000
Short-term employee benefits	2,534	2,786
Central Provident Fund contributions	89	93
	2,623	2,879

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

34. Contingent liabilities

Corporate guarantees

	Company	
	2019	2018
	\$'000	\$'000
Corporate guarantee to financial institutions for subsidiaries' banking facilities	41,850	–
Corporate guarantee to financial institutions for associates' banking facilities	–	20,450
Corporate guarantee to financial institutions for joint venture's banking facilities	7,772	–
	49,622	20,450

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees.

Legal claims

- (a) 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 between a subsidiary and a non-controlling shareholder of a subsidiary.

Subsequent to the year end, 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.

- (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.

35. Commitments

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

	Group	
	2019	2018
	\$'000	\$'000
Development properties	4,089	3,367
Property, plant and equipment	–	2,083
Consultancy fee for real estate development and investment project	888	–
	4,977	5,450

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

36. 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	2018
	\$'000	\$'000
Minimal lease payments under operating leases recognised as an expense in the year	879	332

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

	Group	
	2019	2018
	\$'000	\$'000
Within one year	748	854
Between two to five years	561	1,090
	<u>1,309</u>	<u>1,944</u>

37. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

		Group 1 April 2017			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Assets measured at fair value					
Non-financial assets:					
Investment property	11	–	–	11,306	11,306
Non-financial assets as at 1 April 2017		–	–	11,306	11,306

There are no non-financial assets measured at fair value as at 31 March 2018 and 31 March 2019.

(c) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at		Valuation techniques	Unobservable Inputs	Range
	1 April 2017 \$'000				
Recurring fair value measurements					
Investment property:					
KOP Building at 25 Tai Seng Avenue	11,306		Income Capitalisation Method	Income Capitalisation Method	Commerical: 6%
			Direct Comparison Method	Direct Comparison Method	Price per square metre: \$4,561

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(c) **Level 3 fair value measurements (cont'd)**

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

For investment property, a significant increase/decrease in capitalisation rate and decrease/increase in market value of direct comparisons would result in a significantly lower/higher fair value measurement.

(ii) *Valuation policies and procedures*

The Financial Controller ("FC") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the FC reports to the Group's Audit and Risk Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) **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.

Bank overdrafts, revolving credit facility and 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 2019

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

(e) *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) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Fair value Total \$'000	Carrying amount \$'000
31 March 2019					
Assets:					
Notes receivable	–	–	1,835	1,835	1,829
Liabilities:					
Bank overdrafts and bank borrowings (secured):					
- Fixed rate bank loans	–	–	10,009	10,009	10,471
Finance leases	–	–	199	199	177
Loan from a shareholder	–	–	38,004	38,004	37,000
Loan from a non-controlling interest	–	–	9,163	9,163	9,987
31 March 2018					
Assets:					
Notes receivable	–	–	9,674	9,674	9,789
Liabilities:					
Bank overdrafts and bank borrowings (secured):					
- Fixed rate bank loans	–	–	10,902	10,902	11,256
Finance leases	–	–	239	239	207
Loan from a shareholder	–	–	37,234	37,234	37,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(e) *Assets and liabilities not measured at fair value, for which fair value is disclosed (cont'd)*

Group	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Fair value Total \$'000	Carrying amount \$'000
1 April 2017					
Assets:					
Notes receivable	–	–	16,968	16,968	16,894
Liabilities:					
Bank overdrafts and bank borrowings (secured):					
- Fixed rate bank loans	–	–	11,865	11,865	13,617
Finance leases	–	–	61	61	57
Company					
31 March 2019					
Liabilities:					
Loan from a shareholder	–	–	38,004	38,004	37,000
31 March 2018					
Liabilities:					
Loan from a shareholder	–	–	37,234	37,234	37,000

The Company has no financial liabilities not measured at fair value, for which fair value is disclosed as at 1 April 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(e) *Assets and liabilities not measured at fair value, for which fair value is disclosed (cont'd)*

Determination of fair value

Notes receivable, fixed rate bank loans, finance leases and loan from a shareholder

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.

38. 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, grant of sub-distribution rights and assignment of distribution rights; content production and producer fees; sales of tickets and sponsorship income and investment property rental 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

38. Segment information (cont'd)

31 March 2019	Real estate development and investment \$'000	Real estate origination and management services \$'000	Hospitality \$'000	Entertain- ment \$'000	Corporate office \$'000	Inter- segment eliminations \$'000	Total \$'000
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 subsidiary	–	–	–	2	–	–	2
Reportable segments assets	123,258	103,993	50,613	–	56	–	277,920
Reportable segments assets included:							
Investment in a joint venture	–	100,163	–	–	–	–	100,163
Investments in associates	846	–	–	–	–	–	846
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 2019

38. Segment information (cont'd)

31 March 2018	Real estate development and investment	Real estate origination and management services	Hospitality	Entertain- ment	Corporate office	Inter- segment eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
Revenue from external customers	1,659	11,054	13,580	412	–	–	26,705
Inter-segment revenue	–	–	538	262	2,400	(3,200)	–
	1,659	11,054	14,118	674	2,400	(3,200)	26,705
Results							
Segment results	(328)	4,647	(2,529)	1,854	(3,868)	–	(224)
Finance costs	–	(847)	(858)	(1,768)	–	–	(3,473)
Share of results from investments in associates	(66)	–	–	–	–	–	(66)
Share of results from investment in a joint venture	–	(3,319)	–	–	–	–	(3,319)
Reportable (loss)/profit	(394)	481	(3,387)	86	(3,868)	–	(7,082)
Income tax (expense)/credit	(326)	(660)	22	–	–	–	(964)
(Loss)/Profit for the year	(720)	(179)	(3,365)	86	(3,868)	–	(8,046)
Other information							
Interest income	125	911	2	–	–	–	1,038
Depreciation of property, plant and equipment	(396)	(135)	(2,482)	(238)	–	–	(3,251)
Amortisation of intangible assets	–	–	–	(7)	–	–	(7)
Allowance for doubtful receivables, net	–	(30)	–	(82)	–	–	(112)
Bad debts recovered	–	–	–	650	–	–	650
Bad debts written off	(30)	–	–	–	–	–	(30)
Property, plant and equipment written off	–	–	–	(3)	–	–	(3)
Gain on disposal of property, plant and equipment	–	181	(1)	275	–	–	455
Gain on disposal of subsidiary	–	–	–	–	23	–	23
Gain on strike-off of subsidiaries	–	149	–	(3)	–	–	146
Reportable segments assets	48,428	79,895	37,552	69	512	–	166,456
Reportable segments assets included:							
Investment in a joint venture	–	59,392	–	–	–	–	59,392
Investments in associates	8,669	–	–	–	–	–	8,669
Additions to non-current assets	–	643	2,032	3	–	–	2,678
Reportable segments liabilities	3,664	3,867	19,974	1,197	37,821	–	66,523

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

38. Segment information (cont'd)

1 April 2017	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
Reportable segments assets	76,868	18,448	37,881	26,379	56	–	159,632
Reportable segments assets included:							
Investments in associates	8,735	–	–	–	–	–	8,735
Additions to non-current assets	14	–	3,465	332	–	–	3,811
Reportable segments liabilities	9,301	9,317	22,229	22,369	1,171	–	64,387

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 long-term notes receivable and deferred tax assets) by geographical locations are detailed below:

	Revenue		Non-current assets		
	2019 \$'000	2018 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Singapore	1,772	708	1,260	7,311	34,847
Indonesia	16,714	15,143	43,106	41,032	44,578
People's Republic of China	196	10,854	100,217	61,389	50
	18,682	26,705	144,583	109,732	79,475

Information about a major customer

For the financial year ended 31 March 2018, included in the Group's revenue is an establishment fee of \$10,854,000 which arose from services rendered to a joint venture company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

39. 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, policies 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		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States Dollars	1,294	3,400	453	(9,226)	(5,386)	(6,481)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(a) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to an 3% (2018: 8%) 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	
	2019	2018
	\$'000	\$'000
<i>Impact on profit before tax:</i>		
United States Dollars	(238)	(159)

The opposite applies if the relevant foreign currencies were to weaken by 3% (2018: 8%) 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 2019, at the end of the reporting period, if interest rates had been 50 basis points higher or lower and all other variables were held constant, there is no impact to the Group's profit before tax. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings, whose interest expenses are fully capitalised in development properties (Note 18).

At the end of the reporting period, the Group and Company have no exposure to interest rate risk as the Group and Company have no interest-bearing financial assets whose interest rates are variable. Accordingly, interest rate sensitivity analysis has not been prepared.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

39. 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
	Financial assets at amortised cost
	\$'000
As at 1 April 2018	1,495
Loss allowance made during the financial year	
12-month ECL	–
Lifetime ECL	–
As at 31 March 2019	1,495

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

	Group	2019
		\$'000
12-month ECL	Other receivables	3,094
Lifetime ECL	Trade receivables	1,718
	Total	4,812

The gross carrying amount of trade and other receivables of the Group are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(c) Credit risk (cont'd)

(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 loss allowance provision as at 31 March 2019 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

Singapore

31 March 2019	Up to 30 days \$'000	31 – 60 days \$'000	61 – 90 day \$'000	91 – 120 days \$'000	> 120 days \$'000	Total \$'000
Gross carrying amount	18	–	–	–	881	899
Loss allowance provision	–	–	–	–	408	408

Indonesia

31 March 2019	Up to 30 days \$'000	31 – 60 days \$'000	61 – 90 day \$'000	91 – 120 days \$'000	> 120 days \$'000	Total \$'000
Gross carrying amount	563	15	3	2	117	700
Loss allowance provision	–	–	–	–	–	–

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 collateralised upon.

Others

31 March 2019	Up to 30 days \$'000	31 – 60 days \$'000	61 – 90 day \$'000	91 – 120 days \$'000	> 120 days \$'000	Total \$'000
Gross carrying amount	115	–	–	–	4	119
Loss allowance provision	–	–	–	–	–	–

Information regarding loss allowance movement of trade receivables are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

(iii) Financial guarantees

The maximum amount the Company could be forced to settle under the financial guarantee contracts in Note 34 to the financial statements, if the full guaranteed amount is claimed by the counterparty to the guarantees, is \$49,622,000 (2018: \$20,450,000). 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.

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 loan to an associate, accrued income and amounts due from subsidiaries as disclosed in Note 20 and the notes receivable as disclosed in Note 17 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 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

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					
	31 March 2019		31 March 2018		1 April 2017	
	\$'000	% of total	\$'000	% of total	\$'000	% of total
By country:						
Singapore	491	37	486	36	248	17
Indonesia	700	53	832	63	1,175	82
Other countries	119	10	10	1	10	1
	1,310	100	1,328	100	1,433	100
By industry sector:						
Real estate development and investment	308	24	589	44	1,092	76
Real estate origination and management services	491	37	476	36	91	7
Hospitality	511	39	263	20	24	2
Entertainment	–	–	–	–	226	15
	1,310	100	1,328	100	1,433	100

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 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(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 1% (31 March 2018: 79%, 1 April 2017: 42%) 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.

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 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 overdrafts and 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 a 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 2019

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

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

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Group			Total \$'000
	On demand or within one year \$'000	Within two to five years \$'000	After five years \$'000	
31 March 2018				
Financial assets:				
Trade and other receivables	11,642	–	–	11,642
Other current assets, excluding prepayments	532	–	–	532
Notes receivable	8,000	1,834	–	9,834
Cash and bank balances	9,613	–	–	9,613
Total undiscounted financial assets	29,787	1,834	–	31,621
Financial liabilities:				
Trade and other payables, excluding non-refundable deposits	13,459	–	–	13,459
Bank overdrafts and bank borrowings	1,897	11,848	–	13,745
Finance leases	39	157	43	239
Loan from a shareholder	38,582	–	–	38,582
Total undiscounted financial liabilities	53,977	12,005	43	66,025
Total net undiscounted financial liabilities	(24,190)	(10,171)	(43)	(34,404)
1 April 2017				
Financial assets:				
Trade and other receivables	37,475	–	–	37,475
Other current assets, excluding prepayments	163	–	–	163
Notes receivable	5,854	13,683	–	19,537
Cash and bank balances	815	–	–	815
Total undiscounted financial assets	44,307	13,683	–	57,990
Financial liabilities:				
Trade and other payables, excluding non-refundable deposits	24,028	–	–	24,028
Bank overdrafts and bank borrowings	15,510	22,475	–	37,985
Finance leases	22	39	–	61
Total undiscounted financial liabilities	39,560	22,514	–	62,074
Total net undiscounted financial assets/ (liabilities)	4,747	(8,831)	–	(4,084)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Company			Total \$'000
	On demand or within one year \$'000	Within two to five years \$'000	After five years \$'000	
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 liabilities	(1,770)	(38,582)	–	(40,352)
31 March 2018				
Financial assets:				
Trade and other receivables	78,489	–	–	78,489
Other current assets, excluding prepayments	32	–	–	32
Cash and bank balances	440	–	–	440
Total undiscounted financial assets	78,961	–	–	78,961
Financial liabilities:				
Trade and other payables, excluding non-refundable deposits	830	–	–	830
Loan from a shareholder	38,582	–	–	38,582
Total undiscounted financial liabilities	39,412	–	–	39,412
Total net undiscounted financial assets	39,549	–	–	39,549

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

39. 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 \$'000	Within two to five years \$'000	After five years \$'000	Total \$'000
1 April 2017				
Financial assets:				
Trade and other receivables	27,833	–	–	27,833
Other current assets, excluding prepayments	1	–	–	1
Cash and bank balances	5	–	–	5
Total undiscounted financial assets	27,839	–	–	27,839
Financial liabilities:				
Trade and other payables, excluding non-refundable deposits	5,015	–	–	5,015
Total undiscounted financial liabilities	5,015	–	–	5,015
Total net undiscounted financial assets	22,824	–	–	22,824

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.

	31 March 2019				31 March 2018				1 April 2017			
	One year or less	One to five years	Over five years	Total	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	\$'000	\$'000	\$'000	\$'000
Company												
Financial guarantees	–	41,850	7,772	49,622	–	20,450	–	20,450	31,030	–	–	31,030

40. 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 2019 and 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

40. Capital management policies and objectives (cont'd)

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	
	2019	2018
	\$'000	\$'000
Bank overdrafts and bank borrowings (secured) (Note 23)	79,921	11,256
Finance leases (Note 24)	177	207
Loan from a shareholder (Note 27)	37,000	37,000
Loan from a non-controlling interest (Note 28)	9,987	–
Total borrowings	<u>127,085</u>	<u>48,463</u>
Equity attributable to the owners of the Company	<u>129,872</u>	<u>100,476</u>
Gearing ratio	<u>0.98</u>	<u>0.48</u>

41. Events after reporting period

On 29 May 2019, the Group incorporated a wholly-owned subsidiary, Montigo Hospitality (Shanghai) Co., Ltd. ("Montigo Hospitality") for a registered capital of RMB 5,000,000.

The principal activities of Montigo Hospitality is hotel management, property management, catering management (except for food manufacturing and production), wedding services, etiquette services, fitness services, cultural and artistic activities planning (except performance agents), wholesale and retail (limited to branch management) of agricultural products, daily necessities, craft gifts (except for ivory and its related products).

On 15 July 2019, the Group announced that its 52.63% owned subsidiary, Scorpio East Productions Pte. Ltd. has been struck off from the Register of Companies pursuant to Section 344 of the Companies Act, Chapter 50.

42. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors on 7 August 2019.

STATISTICS OF SHAREHOLDING

As at 22 July 2019

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	Number of Shareholders	%	Number of Shares	%
1 - 99	4	0.32	74	0.00
100 - 1,000	313	24.68	187,675	0.02
1,001 – 10,000	266	20.98	1,686,600	0.15
10,001 – 1,000,000	640	50.47	83,150,080	7.50
1,000,001 and above	45	3.55	1,022,937,785	92.33
TOTAL	1,268	100.00	1,107,962,214	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	377,200,342	34.04
2	GOI SENG HUI	230,327,643	20.79
3	HONG LEONG FINANCE NOMINEES PTE LTD	100,000,000	9.03
4	OCBC SECURITIES PRIVATE LIMITED	79,526,515	7.18
5	UOB KAY HIAN PRIVATE LIMITED	51,216,000	4.62
6	DBS NOMINEES (PRIVATE) LIMITED	38,404,838	3.47
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	20,131,961	1.82
8	LOW KHENG HONG @ LAU KHENG HONG	14,150,262	1.28
9	RAFFLES NOMINEES (PTE.) LIMITED	12,921,900	1.17
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,283,569	0.93
11	DB NOMINEES (SINGAPORE) PTE LTD	9,620,000	0.87
12	ONG SIEW TING GERALDINE	7,000,000	0.63
13	ONG PHANG HOO (WANG BANGFU)	6,029,800	0.54
14	NAM LEONG CO PTE LTD	5,510,000	0.50
15	HSBC (SINGAPORE) NOMINEES PTE LTD	3,725,000	0.34
16	TAY MING HIN	3,692,100	0.33
17	KHOO POH CHYE	3,215,000	0.29
18	TAN LYE YING	3,197,400	0.29
19	LIM & TAN SECURITIES PTE LTD	3,013,700	0.27
20	TAN YONG HAN EDMUND (CHEN YONGHAN)	2,900,000	0.26
	TOTAL	982,066,030	88.65

STATISTICS OF SHAREHOLDING

As at 22 July 2019

SUBSTANTIAL SHAREHOLDERS AS AT 22 JULY 2019

(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	1,100,000	0.10	493,247,143	44.52
Leny Suparman ³	1,100,000	0.10	459,257,142	41.45
Goi Seng Hui	230,327,643	20.79	-	-

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 Companies Act, Chapter 50 and (ii) 64,675,715 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 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 22 July 2019, 27.76% 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 Fifteen Annual General Meeting (“AGM”) of KOP Limited (“Company”) will be held at **Sapphire 1, Orchid Country Club, 1 Orchid Club Road Singapore 769162** on Friday, 30 August 2019 at 11.00 a.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 2019 together with the Auditors’ Report thereon. **Resolution 1**
2. To approve the payment of Directors’ fees of S\$157,000 for the financial year ending 31 March 2020, to be paid quarterly in arrears. (2019: S\$157,000) **Resolution 2**
3. To re-elect the following Directors retiring pursuant to Regulations 112 of the Constitution of the Company:

Regulation 112

Ms. Leny Suparman **Resolution 3**
 Dr. Ho Kah Leong @ Ho Kah Leung **Resolution 4**

[See Explanatory Note (i)]
4. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**
5. 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:

6. **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
- (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,

NOTICE OF ANNUAL GENERAL MEETING

("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 outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (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.

[See Explanatory Note (ii)]

Resolution 6

NOTICE OF ANNUAL GENERAL MEETING

7. 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
 - (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

NOTICE OF ANNUAL GENERAL MEETING

“**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.

[See Explanatory Note (iii)]

Resolution 7

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 14 August 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Dr. Ho Kah Leong @ Ho Kah Leung will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and the Nominating Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to page 36 of the Annual Report for the detailed information for Ms. Leny Suparman and Dr. Ho Kah Leong @ Ho Kah Leung required pursuant to Rule 720(5) of the Catalist Rules.

- (ii) Resolution 6 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.

- (iii) Resolution 7 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 2.3.4 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 2019 are set out in greater detail in the Appendix.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a Relevant Intermediary entitled to attend and vote at the AGM (“**Meeting**”) is entitled to appoint not more than two proxies to attend and vote in his/her stead.

(b) A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

(c) “Relevant Intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
3. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 30 Cecil Street #23-02 Prudential Tower Singapore 049712 not less than seventy-two (72) hours before the time appointed for the Meeting.
5. A proxy need not be a member of the Company.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) 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(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) 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 14 AUGUST 2019

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 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 at **Sapphire 1, Orchid Country Club, 1 Orchid Club Road Singapore 769162** on **30 August 2019** at **11.00 a.m.**(the “2019 AGM”). The Notice of the 2019 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 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 Appendix.

This Appendix has not been examined or approved by the SGX-ST. 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 6757.

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

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APPENDIX

DEFINITIONS

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

“ <i>Appendix</i> ”	:	This appendix in relation to the proposed renewal of the Share Purchase Mandate
“ <i>AGM</i> ”	:	The annual general meeting of the Company to be convened on 30 August 2019
“ <i>Annual Report</i> ”	:	The annual report of the Company for FY2019
“ <i>Board</i> ”	:	The Board of Directors of the Company
“ <i>Catalist</i> ”	:	The sponsor-supervised listing platform of the SGX-ST
“ <i>Catalist Rules</i> ”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
“ <i>CDP</i> ”	:	The Central Depository (Pte) Limited
“ <i>Company</i> ”	:	KOP Limited
“ <i>Companies Act</i> ”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“ <i>Constitution</i> ”	:	The existing constitution of the Company, as may be amended or modified from time to time
“ <i>Controlling Shareholder</i> ”	:	A person who: <ul style="list-style-type: none"> (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
“ <i>Directors</i> ”	:	The directors of the Company as at the date of this Appendix
“ <i>EPS</i> ”	:	Earnings per Share
“ <i>Group</i> ”	:	The Company and its subsidiaries
“ <i>Latest Practicable Date</i> ”	:	22 July 2019, being the latest practicable date prior to the printing of this Appendix
“ <i>Market Day</i> ”	:	A day on which the SGX-ST is open for trading in securities

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“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
“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

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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:

Ms Ong Chih Ching (*Executive Chairman and Executive Director*)
Ms Leny Suparman (*Group Chief Executive Officer and Executive Director*)
Mr Lee Kiam Hwee (*Lead Independent Director*)
Dr Ho Kah Leong @ Ho Kah Leung (*Independent Director*)
Mrs Yu-Foo Yee Shoon (*Independent Director*)
Mr Ng Hin Lee (*Independent Director*)

Registered Office:

30 Cecil Street
#23-02
Prudential Tower
Singapore 049712

14 August 2019

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 14 August 2019 issued by the Company for the purpose of convening the AGM to be held on 30 August 2019 at Sapphire 1, Orchid Country Club, 1 Orchid Club Road Singapore 769162, at 11.00 a.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 7 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 24 August 2018, 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 of the Company 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:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (cc) 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 Catalyst;
- (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 Purchase Price

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**").

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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 after the relevant five-day period; 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.

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 Maximum Holdings

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

2.5.2 Voting and Other Rights

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.

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2.5.3 Disposal and Cancellation

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.

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

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- (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.

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\$0.052 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\$5.8 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\$0.059 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\$6.5 million (excluding brokerage, commission, applicable goods and services tax and other related expenses).

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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 2019, 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 2019 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 2019 would have been as follows:

(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 2019	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share capital	78,940	73,179	72,403	294,506	288,745	287,969
Reserves	50,932	50,932	50,932	(104,472)	(104,472)	(104,472)
Total Shareholders' equity ⁽¹⁾	129,872	124,111	123,335	190,034	184,273	183,497
NTA ⁽²⁾	134,430	128,669	127,893	190,034	184,273	183,497
Current Assets	133,297	127,536	126,760	2,412	(3,349) ⁽⁶⁾	(4,125) ⁽⁶⁾
Current Liabilities	15,847	15,847	15,847	1,572	1,572	1,572
Total borrowings	80,098	80,098	80,098	-	-	-
Net (loss)/profit attributable to Shareholders	(5,667)	(5,667)	(5,667)	3,988	3,988	3,988
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⁾	12.13	12.90	12.83	17.15	18.48	18.40
Gearing ratio (times) ⁽⁴⁾	0.62	0.65	0.65	-	-	-
Current ratio (times) ⁽⁵⁾	8.41	8.05	8.00	1.53	(2.13) ⁽⁶⁾	(2.62) ⁽⁶⁾
EPS (cents)	(0.51)	(0.57)	(0.57)	0.36	0.40	0.40

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(B) Purchases made entirely out of profits 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 2019	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	50,932	45,171	44,395	(104,472)	(110,233)	(111,009)
Total Shareholders' equity ⁽¹⁾	129,872	124,111	123,335	190,034	184,273	183,497
NTA ⁽²⁾	134,430	128,669	127,893	190,034	184,273	183,497
Current Assets	133,297	127,536	126,760	2,412	(3,349) ⁽⁶⁾	(4,125) ⁽⁶⁾
Current Liabilities	15,847	15,847	15,847	1,572	1,572	1,572
Total borrowings	80,098	80,098	80,098	-	-	-
Net (loss)/profit attributable to Shareholders	(5,667)	(5,667)	(5,667)	3,988	3,988	3,988
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⁾	12.13	12.90	12.83	17.15	18.48	18.40
Gearing ratio (times) ⁽⁴⁾	0.62	0.65	0.65	-	-	-
Current ratio (times) ⁽⁵⁾	8.41	8.05	8.00	1.53	(2.13) ⁽⁶⁾	(2.62) ⁽⁶⁾
EPS (cents)	(0.51)	(0.57)	(0.57)	0.36	0.40	0.40

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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 2019	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	50,932	50,932	50,932	(104,472)	(104,472)	(104,472)
Treasury shares	-	(5,761)	(6,537)	-	(5,761)	(6,537)
Total Shareholders' equity ⁽¹⁾	129,872	124,111	123,335	190,034	184,273	183,497
NTA ⁽²⁾	134,430	128,669	127,893	190,034	184,273	183,497
Current Assets	133,297	127,536	126,760	2,412	(3,349) ⁽⁶⁾	(4,125) ⁽⁶⁾
Current Liabilities	15,847	15,847	15,847	1,572	1,572	1,572
Total borrowings	80,098	80,098	80,098	-	-	-
Net (loss)/profit attributable to Shareholders	(5,667)	(5,667)	(5,667)	3,988	3,988	3,988
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⁾	12.13	12.90	12.83	17.15	18.48	18.40
Gearing ratio (times) ⁽⁴⁾	0.62	0.65	0.65	-	-	-
Current ratio (times) ⁽⁵⁾	8.41	8.05	8.00	1.53	(2.13) ⁽⁶⁾	(2.62) ⁽⁶⁾
EPS (cents)	(0.51)	(0.57)	(0.57)	0.36	0.40	0.40

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(D) Purchases made entirely out of profits 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 2019	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	50,932	50,932	50,932	(104,472)	(104,472)	(104,472)
Treasury shares	-	(5,761)	(6,537)	-	(5,761)	(6,537)
Total Shareholders' equity ⁽¹⁾	129,872	124,111	123,335	190,034	184,273	183,497
NTA ⁽²⁾	134,430	128,669	127,893	190,034	184,273	183,497
Current Assets	133,297	127,536	126,760	2,412	(3,349) ⁽⁶⁾	(4,125) ⁽⁶⁾
Current Liabilities	15,847	15,847	15,847	1,572	1,572	1,572
Total borrowings	80,098	80,098	80,098	-	-	-
Net (loss)/profit attributable to Shareholders	(5,667)	(5,667)	(5,667)	3,988	3,988	3,988
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⁾	12.13	12.90	12.83	17.15	18.48	18.40
Gearing ratio (times) ⁽⁴⁾	0.62	0.65	0.65	-	-	-
Current ratio (times) ⁽⁵⁾	8.41	8.05	8.00	1.53	(2.13) ⁽⁶⁾	(2.62) ⁽⁶⁾
EPS (cents)	(0.51)	(0.57)	(0.57)	0.36	0.40	0.40

Notes:

- Total shareholders' equity exclude non-controlling interests.
- NTA refers to net assets less intangible assets.
- NTA per Share is computed based on the NTA (i.e., net assets less intangible assets) divided by the number of Shares issued.
- Gearing ratio equals to total borrowings divided by shareholders' equity.
- Current ratio equals to current assets divided by current liabilities.
- 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 2019, 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 Catalyst Rules

The Catalyst 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 Catalyst 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 Catalyst 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 Catalyst 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.

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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 27.76% 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.

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;

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- (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 in respect of the investment account which such person manages on a discretionary basis;
- (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 and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (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.

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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**”).

As at the Latest Practicable Date, the shareholdings of the Concert Party Group are set out below:

Concert Party Group	Direct Interest	Deemed Interest	Total Interest ⁽⁶⁾	
	(No. of Shares)	(No. of Shares)	No. of Shares	%
KOP Group Pte. Ltd.	-	428,571,428 ⁽¹⁾	428,571,428	38.68
Ong Chih Ching	1,100,000	493,247,143 ⁽²⁾	494,347,143	44.62
Leny Suparman	1,100,000	459,257,142 ⁽³⁾	460,357,142	41.55
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, 64,675,715 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 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 569,499,057 Shares, which is equivalent to 51.40% 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.

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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.

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:

Directors	Before Share Purchase				After Share Purchase	
	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest ⁽⁴⁾ No. of Shares %		Total Interest ⁽⁵⁾ %	
Ong Chih Ching	1,100,000	493,247,143 ⁽¹⁾	494,347,143	44.62	49.58	
Leny Suparman	1,100,000	459,257,142 ⁽²⁾	460,357,142	41.55	46.17	
Lee Kiam Hwee	-	-	-	-	-	
Ho Kah Leong @ Ho Kah Leung	-	-	-	-	-	
Yu-Foo Yee Shoon	540,000	-	540,000	0.05	0.05	
Ng Hin Lee	-	-	-	-	-	
Substantial Shareholders (other than the Directors)						
KOP Group Pte. Ltd.	-	428,571,428 ⁽³⁾	428,571,428	38.68	42.98	
Goi Seng Hui	230,327,643	-	230,327,643	20.79	23.10	

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 and 64,675,715 Shares held through Bank of Singapore Limited 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 and 30,685,714 Shares held through Bank of Singapore Limited 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.

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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.

6. 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.

7. 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 2019.

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. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. 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:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the Annual General Meeting ("**Meeting**") as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Meeting of the Company to be held at Sapphire 1, Orchid Country Club, 1 Orchid Club Road Singapore 769162 on Friday, 30 August 2019 at 11.00 a.m. and at any adjournment thereof. I/We* direct my/our proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

No.	Resolutions relating to:	No. of Votes 'For'***	No. of Votes 'Against'***
Ordinary Business			
1	Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2019		
2	Approval of Directors' fees amounting to S\$157,000 for the financial year ending 31 March 2020, to be paid quarterly in arrears		
3	Re-election of Ms Leny Suparman as a Director		
4	Re-election of Dr. Ho Kah Leong @ Ho Kah Leung as a Director		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors and authority to Directors to fix remuneration		
Special Business			
6	Authority to allot and issue new shares		
7	Renewal of Share Purchase Mandate		

* Delete where inapplicable

**If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

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 or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company who is not a Relevant Intermediary entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member who is not a Relevant Intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Cecil Street #23-02 Prudential Tower Singapore 049712 not less than seventy-two (72) hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies 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.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investors**”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* 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 or proxies 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 or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) 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 14 August 2019.

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