KOP LIMITED

ANNUAL REPORT 2018

CONTENTS

FINANCIAL STATEMENTS

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 and Montigo Resorts, Nongsa and Seminyak in Indonesia. 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 2018 ("FY2018").

FY2018 has been a tumultuous year, one that was fraught with geo-political volatilities and political divisions. Ranging from the United Kingdom activating the article 50 clause for Brexit to be cancelled to the United States deviating from traditional trade and foreign policies, the past year has indeed been an eventful year for the world and financial markets, to say the very least.

Singapore's GDP grew to 3.6% in 2017, up from 2% in 2016. For 2018, MTI expects GDP growth to moderate from 2017's growth but remain firm. It is encouraging to note that according to advanced estimates released by the Ministry of Trade and Industry, Singapore's economy experienced a 4.3% uptick year-on-year in the first quarter of 2018, further improving from a 3.6% growth that was recorded in the last quarter of 2017[1].

Against the backdrop of uncertain macro-economic trends and the moderately improving Singapore economy, KOPL continues to push through with our vision of building properties with strong points of differentiation to create value for users and our stakeholders.

Revenue for FY2018 was lifted by improved performance from our Montigo Resorts, Nongsa in Batam and Montigo Resorts, Seminyak in Bali, which have carved a strong niche as a choice multi-generational resort destination. In addition, our real estate origination and management services had recognised the establishment fee from our joint venture during FY2018. These more than offset lower contributions from our other two business segments – real estate development and investment and entertainment – with the latter taking impact from a decrease in the assignment of distribution rights. Overall, revenue for FY2018 rose 65% to S$26.7 million. The bottom line however took impact from an increase in administrative expenses resulted mainly from various one-time expenses such as legal and professional fees incurred for the litigation suit, foreign exchange loss, one-time reinstatement work for a property owned by our associate company, share of results from investment in a joint venture and finance expenses as we continued to invest for growth, recording a loss after tax of S$8.0 million in FY2018 as compared to a profit after tax of S$2.2 million in the financial year ended 31 March 2017 ("FY2017"). We do not expect a recurrence of these one-time expenses in the coming financial years.

[1] *Ministry of Trade and Industry, 13 April 2018 – "Singapore's GDP Grew by 4.3 Per Cent in the First Quarter of 2018"*

Real Estate with a Clear Difference

During the year under review, we focused on our ability to add value to our properties by creating highly differentiated products that are at the leading edge in terms of setting the trend.

Our upcoming Wintastar Shanghai will be KOPL's largest project yet, one that will showcase a fully-integrated sports and entertainment-based real estate. Wintastar Shanghai is strategically located in Lingang City (临港主城区), Pudong district within South-Eastern Shanghai, earmarked to become the next tourism and convention hub, commercial centre and information technology park of Shanghai and Eastern China, within close proximity to the Shanghai Disney Resort and the upcoming Shanghai Haichang Polar Ocean Park. Wintastar Shanghai will provide year-round access to the world's largest indoor ski park, a winter sports facility for hosting competitions, theatres, hotels and resorts, as well as retail and dining. Our multi-award winning and self-managed hospitality brand, Montigo Resorts, is also expected to make its maiden foray into the chinese market through Wintastar Shanghai. Groundbreaking is targeted for 2H2018, and we expect to launch this unique concept ahead of the highly anticipated 2022 Beijing Winter Olympics for consumers to have an elevated and immersive experience of snow, ice and water-themed activities, 365 days a year.

Closer to home, the residential properties of Montigo Resorts, Nongsa, Batam is expected to benefit from the positioning of Nongsa, Batam as a work-and-play digital hub, with the recent launch of the mega Nongsa Digital Park in Batam – the 'digital bridge' between Indonesia and Singapore. The government is targeting investments worth US$500 million in the digital industry that is expected to create 10,000 jobs[2]. Additionally, feasibility studies are undergoing for a 7km Batam-Bintan bridge infrastructure project, in line with President Joko Widodo's target to enhance connectivity throughout Indonesia. The bridge is expected to cause a multiplier effect for the region and boost tourism[3].

Hospitality – Building a Strong Brand Name

Montigo Resorts, Nongsa held its 5th Anniversary in late 2017, a significant milestone as we celebrate the brand's success, having come a long way in such a short time, and earning its well-deserved reputation as a top-notch multi-generational resort.

During the year, we made good progress in the enhancement of this award-winning resort with the opening of the one-bedroom and five-bedroom villas to capture different market segments. The extension of Montigo Resorts, Seminyak was also well on track. We would be looking for new locations where we could widen our reach.

We will tap on this self-managed award-winning resort brand, Montigo Resorts, with a view to continually adapt it to meet evolving consumer trends and demand.

---

[2] *The Jakarta Post, 21 March 2018 – "Indonesia, Singapore jointly open Nongsa Digital Park in Batam"*

[3] *Indonesia Investments, 17 August 2017 – "PPP Infrastructure Projects Indonesia: Batam-Bintan Bridge"*

World-Class Entertainment

Cognisant of a consumer shift towards experiences, we intend to relegate the entertainment business under our subsidiary, Wintastar Holdings Pte. Ltd.. This will allow Wintastar Holdings to take on consultancy work and create entertainment real estate, which will serve to elevate the value of our development projects, such as injecting an entertainment element in our upcoming Wintastar project.

Looking Ahead

Outlook for the global economy continues to remain uncertain. While growth around the world looks more promising, the macro-environment have become more volatile going into FY2019, coupled with a spike in the US interest rate that has caused financial market jitters globally. In addition, an appreciating US dollar since the beginning of the year has raised concerns of the debt servicing ability of some emerging markets, including Indonesia, given their large fiscal deficits and external debt positions.

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

The real estate sector had seen signs of a turnaround since late 2017, but sentiments have been dampened with cooling measures that took effect in July 2018. While price growth is expected to slow, it is not expected to decline sharply considering the high land acquisition prices and developers' need to maintain margins.

While we continue to monitor the market closely and maintain a prudent stance on land acquisitions, we will continue to look for opportunities to unlock value and create an opportunity for us to recycle capital into other yield-accretive investments to enhance long-term shareholder value. This is evident in our track record, such as the divestment of the Cranley Hotel in the United Kingdom, and more recently, the relocation of our corporate HQ. Similarly, we had, through our associated company, divested the bulk of our investment in Prudential Tower, with proceeds to fund our current projects.

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 driving the Group constantly forward regardless of the challenging conditions. To our clients, partners and business associates, I would like to express our deepest gratitude for your unwavering support over the years.

I would also like to take this opportunity to welcome Mr Ben Goi Kok Neng and Mr Ng Hin Lee to our Board – Mr Goi has been appointed as KOPL's Executive Director while Mr Ng has been appointed as KOPL's Independent Director. At the same time, we will like to thank Mr Ko Chuan Aun for his past contributions and will like to wish him the very best in his future endeavours.

Last but not least, to our valued shareholders who have continued to place their faith and trust in us in, we'd like to express our appreciation for your patience as we seek to bring KOPL to new heights and endeavour large-scale real estate 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); and 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. With her foresight in revolutionary ventures, Ong Chih Ching is placing KOP Limited on the fast-track with the development of Wintastar Shanghai, an integrated winter-themed resort featuring an Olympic-grade indoor ski-slope and winter sports facility.

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 – Innovation Summit in October 2015, CNBC's Managing Asia: Asia Builders seminar in October 2014 and the Real Estate Investment World 2015 conference. Ong Chih Ching also sits on the jury panel of the highly-coveted Channel NewsAsia 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. in 1999 that provides secretarial, consultancy and corporate management services for high-net-worth clients and private and public equity institutions. She was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1994, and graduated with a Bachelor of Law from the University of Buckingham in 1991. 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.

Ms Leny Suparman
Group Chief Executive Officer and Executive Director

Leny Suparman is 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 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.

Mr Goi Kok Neng (Ben)
Managing Director and Executive Director

Mr. Goi Kok Neng, Ben, is the Executive Director of KOP Limited and Managing Director of Montigo Resorts.

He is also the Chief Operating Officer of Tee Yih Jia Group Pte. Ltd., a Non-Executive Director of Union Steel Holdings Ltd, a Non-Executive Director of Yamada Green Resources Limited and a Non-Executive Non-Independent Director of Serial System Ltd.

From 2009 to 2013, Ben Goi was Deputy Director of Overseas Sales at Hong Kong Stock Exchange listed, Trigiant Group Ltd, a leading manufacturer of mobile telecommunication cables in China. He was also Managing Director of Abaglobe (S) Pte. Ltd. and Director of Honji Food Pte. Ltd..

Ben Goi served as a Director of Mandarin Food Manufacturing Pte. Ltd., a Director of Interchamp F&B Pte. Ltd., from June 2004 to May 2010; and Hydrex International Pte. Ltd., from September 2011 to May 2012.

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 and Leaders (Malaysia) 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.

Mrs Yu-Foo Yee Shoon
Independent Director

Yu-Foo Yee Shoon is an Independent Director of the Company.

Mrs Yu-Foo was the Deputy Secretary-General of NTUC, Senior Parliamentary Secretary for Ministry of Community Development, Youth and Sports, the first woman Mayor in Singapore before she became Minister of State for Ministry of Community Development, Youth and Sports.

She retired after 27 years in politics.

Her present directorships include ARA Trust Management (Suntec) Limted, KOP Limited and Singapura Finance Ltd. She is Senior Advisor (International Advisory Panel) to Hyflux 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, 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., Jiaxing Shi Cheng Hotel Management Co., Ltd., Leading Dragon Corporation Ltd. (Hong Kong) and Tianjin Junhe Industrial Co., Ltd..

He is also appointed as a Supervisory Board Member of Suzhou Bitekuai Hotel Management Co., Ltd. and a Financial Advisor for Jiangsu Water Paradise Restaurant Management Co., Ltd.. Ng Hin Lee has more than 30 years of experience in key financial and managerial positions, having served on the board of 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.

Mr. Ng 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 2012 for companies with $1 billion and above in market capitalisation. He obtained his Bachelor of Accountancy degree from 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 audited 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.

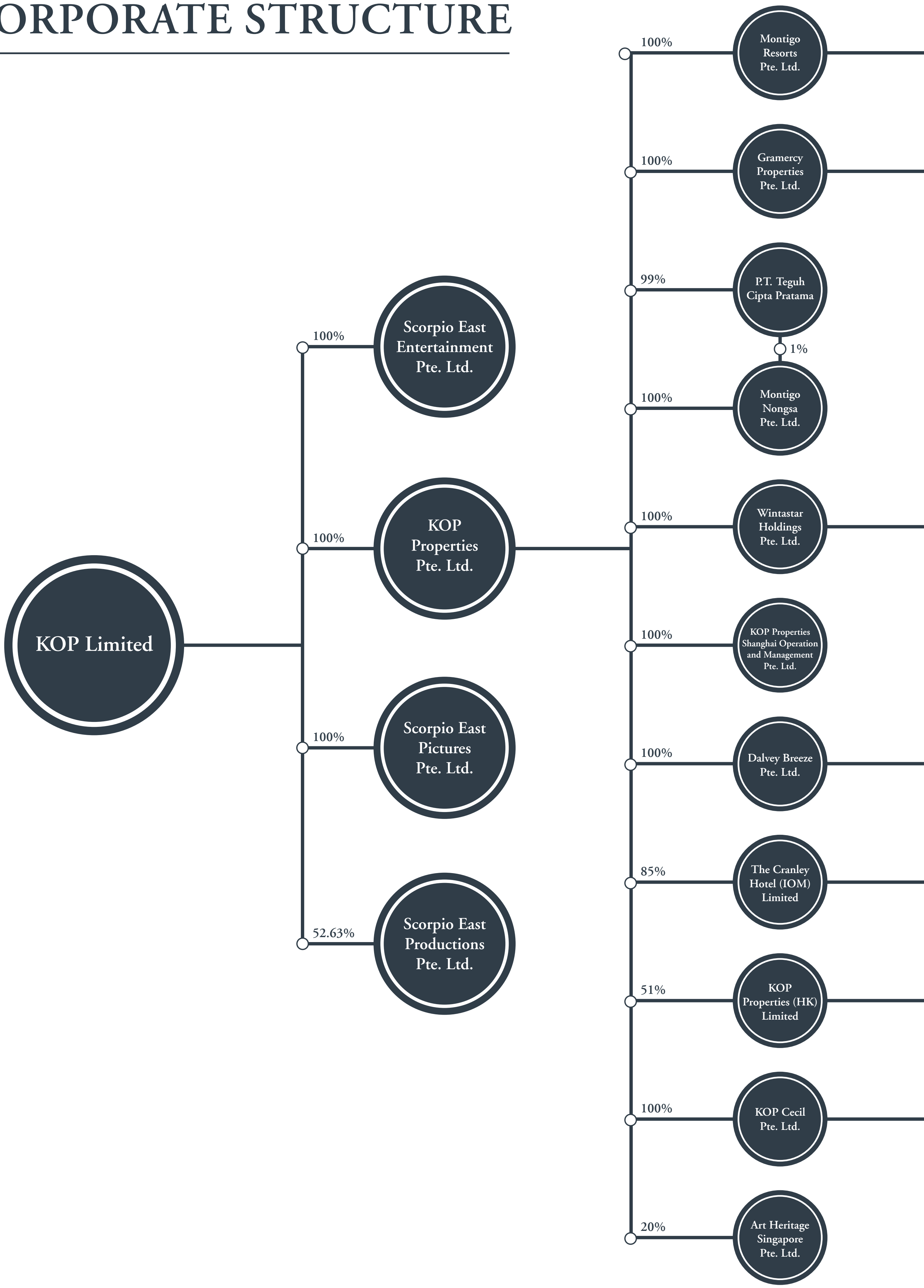
Ms Liane Ong
Managing Director - Wintastar Holdings Pte. Ltd.

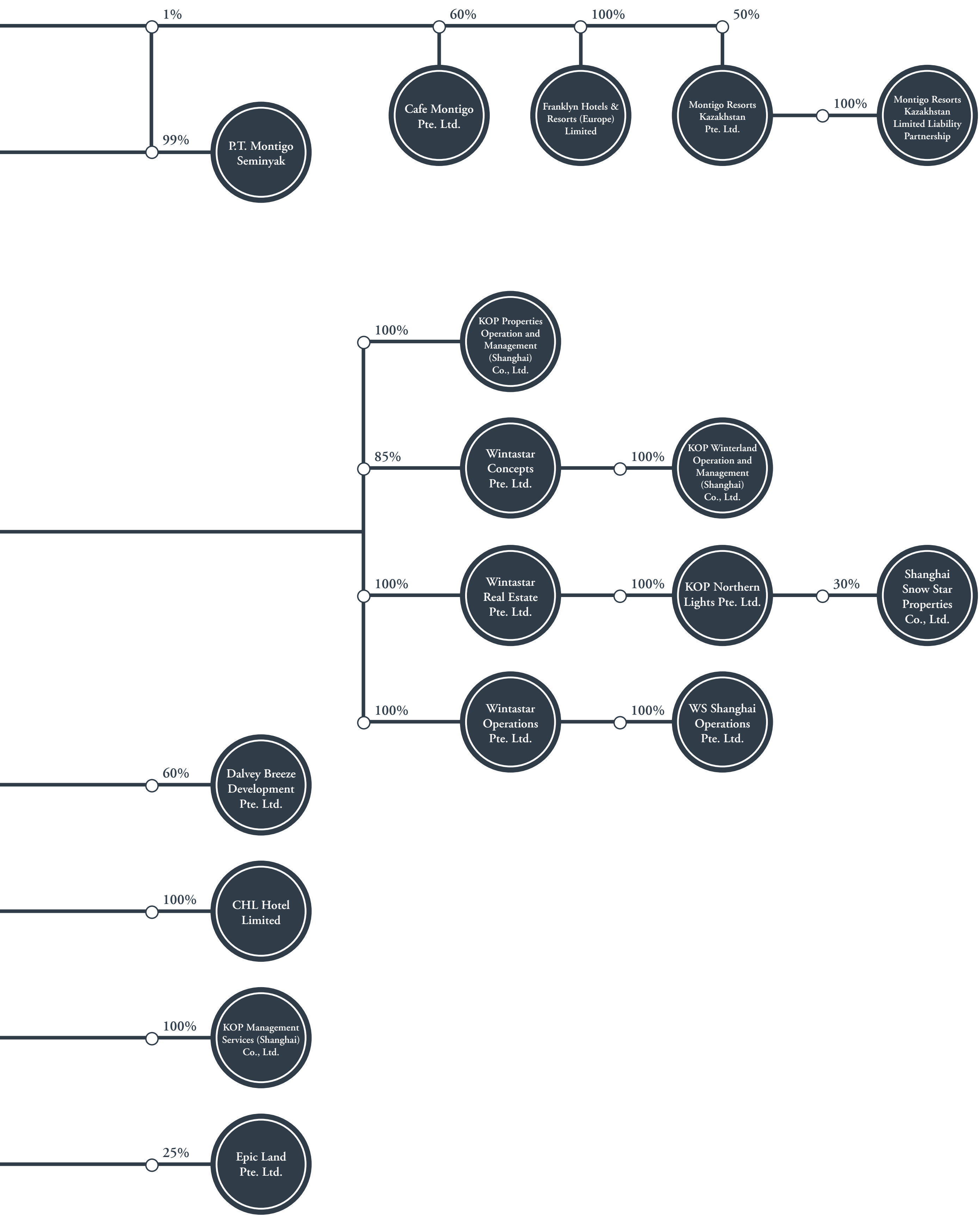
Liane Ong was appointed as Managing Director of Wintastar Holdings Pte. Ltd. ("Wintastar Holdings") in June 2017. As a new subsidiary under KOP Properties Pte. Ltd., Wintastar Holdings will drive the growth of its world-class, integrated resorts in Asia. Wintastar Shanghai, its first project is targeted 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 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 (formerly Trade Development Board), Liane held various positions with the National Registration Department, Singapore Immigration & Registration and the Ministry of Home Affairs.

CORPORATE STRUCTURE





1%
99%
P.T. Montigo Seminyak
60%
Cafe Montigo Pte. Ltd.
100%
Franklyn Hotels & Resorts (Europe) Limited
50%
Montigo Resorts Kazakhstan Pte. Ltd.
100%
Montigo Resorts Kazakhstan Limited Liability Partnership
100%
KOP Properties Operation and Management (Shanghai) Co., Ltd.
85%
Wintastar Concepts Pte. Ltd.
100%
KOP Winterland Operation and Management (Shanghai) Co., Ltd.
100%
Wintastar Real Estate Pte. Ltd.
100%
KOP Northern Lights Pte. Ltd.
30%
Shanghai Snow Star Properties Co., Ltd.
100%
Wintastar Operations Pte. Ltd.
100%
WS Shanghai Operations Pte. Ltd.
60%
Dalvey Breeze Development Pte. Ltd.
100%
CHL Hotel Limited
100%
KOP Management Services (Shanghai) Co., Ltd.
25%
Epic Land Pte. Ltd.

BUSINESS REVIEW

For financial year ended 31 March 2018 (“FY2018”), the Group’s revenue rose 65% to S$26.7 million from S$16.2 million reported in the same corresponding period (“FY2017”). This was mainly a result of stronger contributions from the hospitality segment due to higher occupancy rates recorded at the operating resorts in Nongsa, Batam and Seminyak, Bali, Indonesia, as well as the Group’s successfully recognition of the establishment fee from Wintastar Shanghai, offset by lower contributions from the real estate development and investment and entertainment segments.

Coupled with a 143% increase in Gross Profit to S$17.8 million, the lower other operating income resulted the S$8.8 million gain from divestment of Cranley Hotel in FY2017, a 14% increase in administrative expenses mainly due to foreign exchange losses recorded, S$3.5 million of finance costs recorded due to a rise in borrowings to fund an investment in a joint venture and increase in interest from Montigo Resorts, Seminyak, Bali, KOPL reported a FY2018 loss after tax of S$8 million compared to a profit after tax of S$2.2 million in FY2017.

In line with the above, the Group reported a loss per share of 0.79 SGD cents per share while net asset value per share declined to 9.02 SGD cents.

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 the key revenue driver, contributing 50.9% of the Group’s FY2018 revenue or S$13.6 million of segment revenue.

This improved segment performance was mainly a result of strong occupancy rates recorded at both resorts, which have carved a strong niche as a choice multi-generational resort destination. This brand association is built through effective marketing campaigns to ensure top-of-mind recall for target consumer groups.

In its efforts to remain agile, the Group’s self-managed award-winning resort brand, Montigo Resorts, monitors and adapts to evolving consumer trends and demand quickly. During the year, Montigo Resorts, Nongsa, which spans a total site size of 12 hectares that is progressively developed, opened the doors of the new one-bedroom and five-bedroom villa options to guests. While the former targets the honeymoon and babymoon market segments, the expansive seafront five-bedroom villa can accommodate 10 guests within a private compound, large enough for small-scale events such as an intimate solemnisation ceremony.

Always keeping things fresh to engage guests, Montigo Resorts, Nongsa also refurbished its full-service spa in FY2018 with the addition of more couple rooms, a sauna room, and added services.

Concurrently, Montigo Resorts, Seminyak had also recorded progress in its renovation works. Despite ongoing renovation, the resort in Bali continues to enjoy strong occupancy by virtue of its ideal location in the heart of Seminyak, within the bustling Jalan Petitenget district, bolstered by its unique offerings such as poolside dining with a view of the hustle and bustle in Seminyak at its full-service restaurant, as well as the largest kids club in Seminyak, amongst others.

KOPL will continue to fine-tune and raise the bar of excellence for its self-managed hospitality brand, exploring opportunities to provide hospitality management services and possible expansion into new geographical markets.

Real Estate Development and Investment

In FY2018, the Real Estate Development and Investment business segment contributed S$1.7 million revenue, or 6.4% of Group revenue. The lower segment revenue in FY2017 was due to relatively lower sales from the handover of properties at Montigo Resorts, Nongsa compared to a year ago.

With its strong reputation and brand synonymous with multi-generational bonding and top-notch service, Montigo Resorts, Nongsa is expected to benefit from the local authorities' efforts to position Nongsa as a work-and-play digital hub, with the recent launch of the sprawling 166-hectare Nongsa Digital Park in Batam, described as a 'digital bridge' between Indonesia and Singapore.

Singapore

The Singapore residential sector has shown signs of a turnaround since late 2017, with prices of private residential properties increasing 3.4% in 2Q 2018, continuing the 3.9% increase in the preceding quarter. On the demand front, developers launched 2,437 private residential units and sold 2,366 units in 2Q 2018, compared to 921 units launched and 1,581 sold in 1Q 2018[1].

Likewise, the office market recorded a 1.9% increase in prices in 2Q 2018, continuing the 1.3% expansion in 1Q 2018 while rentals remained relatively steady, rising 1.6% in 2Q 2018[1].

The Group's 25%-owned investment in Prudential Tower has continued to contribute good yields from the sale of its strata units. The Grade-A office tower has sold a large majority of its units, while the remaining units continue to contribute healthy recurring rental income. Subsequent to the financial year-end, the consortium executed a sale and purchase agreement to sell a further seven strata units in Prudential Tower that are valued at S$130.1 million. The transaction is expected to complete on or before 20 September 2018.

Shanghai, China

While Singapore remains our core market, our geographical risks are mitigated through our diversified real estate portfolio, with Montigo Resorts, Nongsa and Seminyak as well as a large-scale mixed-development project, Wintastar Shanghai in China.

KOPL has made considerable progress on our upcoming landmark development, Wintastar alongside its prominent partners, a subsidiary of Shanghai LuJiaZui (Group) Co., Ltd ("SLJZ"), and a subsidiary of the Shanghai Harbour City Development (Group) Co., Ltd (together with KOPL, the "Consortium") – to co-develop Wintastar in Shanghai's Lingang City.

SLJZ co-owns the new Shanghai Disney Resort, and is one of the conglomerates authorised and supported by the People's Municipal Government of Shanghai to develop large tracts of land, run comprehensive businesses and coordinate work with the Lujiazui Finance and Trade Zone, amongst others.

Wintastar will feature year-round access to winter sports activities and an indoor ski trail – amongst other complementary amenities such as Montigo Resorts' maiden entry into the PRC, as well as commercial and retail spaces.

---

[1] *Urban Redevelopment Authority, 27 July 2018 – "Release of 2nd Quarter 2018 real estate statistics"*

Real Estate Origination and Management Services

The Real Estate Origination and Management Services business segment contributed S$11.1 million, or 41.6% of the Group's FY2018 revenue. The increased segment revenue was mainly due to an establishment fee from a joint venture, Shanghai Snow Star Properties Co., Ltd..

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

The Entertainment segment recorded lower revenue of S$0.4 million in FY2018, or 1.5% of Group revenue. The reduced contribution was mainly due to a decrease of assignment of distribution rights in FY2018, in line with the Group's efforts to reposition the segment towards content creation such as live shows, which will add value to its integrated real estate developments. Working with strategic partners, KOPL's capabilities in content creation will aid in enhancing the experiential element for its upcoming Wintastar project in Shanghai, thereby elevating 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. It 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.

CORPORATE SOCIAL RESPONSIBILITY

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

Supporting Singaporeans of Special Needs

Inspired by our corporate philosophy, We Build Your Dreams, KOPL believes that everyone, regardless of their circumstances, deserves an opportunity to pursue their dreams.

Singapore Fashion Runway gathers Singaporeans from all walks of life to build an inclusive community and increase awareness and support for people with special needs through fashion. In November 2017, KOPL extended our support to Singapore Fashion Runway to bring about a delightful learning experience 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 modelling to batik painting to restaurant operation skill sets, our initiative with Singapore Fashion Runway aims to render skills and experiences that would aid the beneficiaries in seeking happiness and confidence while battling through their illness.

Enriching Children's Lives

In December 2017, the Group's first full-fledged café at The Star Vista, Café Montigo, pledged support for the Make-A-Wish foundation whose mission is to grant the wishes of children with life-threatening medical conditions to enrich the human experience with hope, strength and joy. During this period of feasting and gifting, Café Montigo sold an assortment of cakes where 5% of proceeds from festive cake sales will go towards granting the wishes of children with life-threatening medical conditions to enrich their lives with hope, strength and joy.

Empowering Youths

During the financial year, KOPL collaborated with Halogen Foundation Singapore, which adopts a holistic approach in its programmes and events to youth development – the future pillars of our economy. For its 15th fundraiser and charity gala dinner, KOPL sponsored a 2D1N stay at Montigo Resorts, Nongsa for auction during the event, participating in the organisation's efforts to empower and provide guidance to youths in Singapore.

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. This year, KOPL contributed to the 2018 Revolution Ball organised by AWARE.

In this vein, KOPL also contributed to the 2018 SNOW (Say No to the Oppression of Women) event. Organised by the Singapore Committee for UN (United Nations) Women, proceeds raised from the gala benefit go towards supporting women and girls' empowerment in Singapore and the region.

A Passion for Philanthropy

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

This year, KOPL's philanthropic efforts has been centered on community development in Indonesia. We gathered volunteers from Montigo Resorts to organise visitations to homes and orphanages in Batam and Seminyak, Bali, such as Grace Joy Home Orphanages and Kampung Terih Community in Batam and Chloe Orphanage in Seminyak, Bali.

Save the Environment, One Ecobrick at a Time

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 pioneered the initiative to introduce the Ecobrick programme to the local community.

The Ecobrick programme aims to reduce plastic and non-biodegradable wastes by converting them into an Ecobrick. These Ecobricks will then be purchased by Montigo Resorts, Nongsa and used as building materials for future projects. This initiative will serve as a platform to promote environmental sustainability and simultaneously provide financial support to many underprivileged households in Batam.

This initiative has been escalated to the Hotel Human Resources Manager Association of Batam (HHRMA) and envisions to play a more active role in keeping our environment clean and safe.

AWARDS AND ACCOLADES

KOP Limited

- Singapore 1000 Company – Public Listed Companies 2017
- RISING 50 Women Empowerment Awards – Her Times Entrepreneur Award 2017

Montigo Resorts, Nongsa

- Asia Pacific International Property Awards 2018-2019 – Best Leisure Development Indonesia
- Asian Lifestyle Tourism Awards 2017 – Outstanding Beach Resort Destination in Asia
- Asian Lifestyle Tourism Awards 2017 – Best Wedding Destination in Indonesia
- Asian Lifestyle Tourism Awards 2017 – Best Spa Resort Destination in South East Asia
- Haute Grandeur 2017 – Best All-inclusive Resort in Indonesia
- Haute Grandeur 2017 – Best Beach Resort in Indonesia
- Haute Grandeur 2017 – Best Destination Spa
- Luxury Travel Guide 2017 – Luxury Resort of the Year
- World Luxury Restaurant Awards 2017 Winner – Pantai Restaurant
- World Luxury Spa Award 2017 Winner – Luxury Resort Spa

Montigo Resorts, Seminyak

- World Luxury Hotel Awards 2017 Winner – Luxury Family Resort

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Chih Ching
Executive Chairman and
Executive Director

Leny Suparman
Group Chief Executive Officer
and Executive Director

Goi Kok Neng (Ben)
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, Independent Director

Dr Ho Kah Leong @ Ho Kah Leung
Member, Independent Director

Yu-Foo Yee Shoon
Member, Independent Director

Ng Hin Lee
Member, Independent Director

REMUNERATION COMMITTEE

Dr Ho Kah Leong @ Ho Kah Leung
Chairman, Independent Director

Lee Kiam Hwee
Member, Independent Director

Yu-Foo Yee Shoon
Member, Independent Director

Ng Hin Lee
Member, Independent Director

NOMINATING COMMITTEE

Yu-Foo Yee Shoon
Chairman, Independent Director

Lee Kiam Hwee
Member, Independent Director

Dr Ho Kah Leong @ Ho Kah Leung
Member, Independent Director

Ng Hin Lee
Member, Independent Director

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

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

PT Bank CIMB Niaga Tbk
Jl. Jend. Sudirman Kav. 58
Jakarta 12190
Indonesia

Oversea-Chinese Banking
Corporation Limited
65 Chulia Street #01-100
OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

INVESTOR RELATIONS

Citigate Dewe Rogerson
Singapore Pte Ltd
55 Market Street
#02-01
Singapore 048941

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 2018 ("**FY2018**"), except where otherwise stated.

For ease of reference, the relevant provision of the Code under discussion is identified in bold and the disclosures provided in this Report is meant to be read as a whole.

1. BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: 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**"). 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 FY2018 and the attendance of each Director where relevant are as follows:–

	Board		ARC		RC		NC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ms. Ong Chih Ching	4	4	4	4^	1	-	1	1^
Ms. Leny Suparman	4	4	4	4^	1	-	1	1^
Mr. Goi Kok Neng (Wei Guolong)(1)	4	1	4	1^	1	-	1	-
Mr. Lee Kiam Hwee	4	4	4	4	1	1	1	1
Dr. Ho Kah Leong @ Ho Kah Leung	4	4	4	4	1	1	1	1
Mrs. Yu-Foo Yee Shoon	4	4	4	4	1	1	1	1
Mr. Ng Hin Lee(2)	4	1	4	1	1	-	1	-
Mr. Ko Chuan Aun(3)	4	3	4	3^	1	-	1	1^

Notes:
^ Attendance by invitation.
(1) *Mr. Goi Kok Neng (Wei Guolong) was appointed as the Executive Director on 15 January 2018.*
(2) *Mr. Ng Hin Lee was appointed as the Independent Director on 15 January 2018.*
(3) *Mr. Ko Chuan Aun has resigned as the Non-Executive Director on 31 December 2017.*

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.

REPORT OF CORPORATE GOVERNANCE

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 three Executive Directors and four 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. Goi Kok Neng (Wei Guolong)(1)	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(2)	Independent Director	Member	Member	Member

Notes:

(1) *Mr. Goi Kok Neng (Wei Guolong) was appointed as the Executive Director on 15 January 2018.*

(2) *Mr. Ng Hin Lee was appointed as the Independent Director on 15 January 2018.*

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 years from their respective date of first appointment.

The Board comprises businessmen and includes professionals with financial, accounting and legal backgrounds.

REPORT OF CORPORATE GOVERNANCE

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 seven 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.

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;

REPORT OF CORPORATE GOVERNANCE

- encouraging constructive relations within the Board and between the Board and Management;
- 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 Directors, all of whom, including the Chairman, are independent. They are:–

Mrs. Yu-Foo Yee Shoon	(Chairman)
Dr. Ho Kah Leong @ Ho Kah Leung	(Member)
Mr. Lee Kiam Hwee	(Member)
Mr. Ng Hin Lee	(Member)

The NC Chairman is not related to any of the substantial shareholders of the Company.

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);

REPORT OF CORPORATE GOVERNANCE

- ensure that Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three 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.

The NC has recommended to the Board, the re-election of Ms. Ong Chih Ching, Mr. Lee Kiam Hwee, Mr. Goi Kok Neng (Wei Guolong) and Mr. Ng Hin Lee at the forthcoming AGM. The Board had accepted the NC's recommendation.

Mr. Lee Kiam Hwee and Mr. Ng Hin Lee, being members of the NC, who are retiring at the AGM abstained from voting on the resolution in respect of their respective re-nomination and re-appointment as a Director.

Particulars of the Directors such as their present and past three 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	49	Executive Chairman and Executive Director	6 May 2014	28 July 2016	None	None
Ms. Leny Suparman	44	Group CEO and Executive Director	6 May 2014	21 September 2017	None	None
Mr. Goi Kok Neng (Wei Guolong)	42	Executive Director	15 January 2018	NA	• Yamada Green Resources Limited • Union Steel Holdings Ltd • Serial System Ltd	None

REPORT OF CORPORATE GOVERNANCE

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
Mr. Lee Kiam Hwee	62	Lead Independent Director	6 May 2014	28 July 2016	• Marco Polo Marine Ltd.	• HTL International Holdings Limited
Dr. Ho Kah Leong @ Ho Kah Leung	81	Independent Director	28 August 2012	28 July 2016	• Fuxing China Group Limited	• Vicom Ltd
Mrs. Yu-Foo Yee Shoon	68	Independent Director	6 May 2014	21 September 2017	• Singapura Finance Ltd • ARA Trust Management (Suntec) Limited	None
Mr. Ng Hin Lee	61	Independent Director	15 January 2018	NA	• 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 FY2018, 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 Senior Management and Company Secretary to facilitate separate and independent access.

REPORT OF CORPORATE GOVERNANCE

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.

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 Senior 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 FY2018.

REPORT OF CORPORATE GOVERNANCE

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.

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.

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.

REPORT OF CORPORATE GOVERNANCE

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 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 FY2018 are set out as follows:–

Name of Director	Fees %	Salary# %	Bonus %	Other Benefits %	Total %
S$500,000 and above					
Ms. Ong Chih Ching	–	71	28	1	100
Ms. Leny Suparman	–	78	20	2	100
Below S$250,000					
Mr. Goi Kok Neng (Wei Guolong)(2)	–	100	–	–	100
Mr. Ko Chuan Aun(1)	15	64	21	–	100
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(3)	@	–	–	–	@

Notes:
** These fees were approved by the shareholders at the AGM held on 21 September 2017.*
 # Salary is inclusive of fixed allowance and CPF contributions.
@ The approval of the director's fee for Mr. Ng Hin Lee will be tabled in the forthcoming AGM.
(1) *Mr. Ko Chuan Aun has resigned as the Non-Executive Director on 31 December 2017.*
(2) *Mr. Goi Kok Neng (Wei Guolong) was appointed as the Executive Director on 15 January 2018.*
(3) *Mr. Ng Hin Lee was appointed as the Independent Director on 15 January 2018.*

For FY2018, the Group has identified 3 key management personnel. The details and the level of remuneration of the Group's top 3 key management personnel (who are not Directors or the Group CEO) for FY2018 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(2)	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 FY2018.
(2) Ms. Liane Ong was appointed as the Managing Director on 1 June 2017

REPORT OF CORPORATE GOVERNANCE

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

The aggregate remuneration total amount paid to the Directors and the relevant key management personnel (who are not Director or the Group CEO) for FY2018 is S$2,105,000 and S$774,000, respectively.

For FY2018, 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 FY2018 are set out below:

Name of Immediate Family Member	Salary# %	Bonus %	Other Benefits %	Total %
S$350,000 to below S$400,000				
Ms. Joey Ong	73	24	3	100

Note:
 # Salary is inclusive of fixed allowance and CPF contributions.

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 FY2018 exceeded $50,000.

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.

REPORT OF CORPORATE GOVERNANCE

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 is responsible for the governance of risk and the overall internal control framework. The Board and the ARC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. Accordingly, the Board will continue its risk assessment process with a view to improve the Group's internal control systems.

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 Management reviews all significant control policies and procedures and highlights all significant matters to the ARC and the Board.

During the year under review, the Board has 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 FY2018 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 FY2018.

REPORT OF CORPORATE GOVERNANCE

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 FY2018. 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;
- 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, recoverability of receivables 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.

REPORT OF CORPORATE GOVERNANCE

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 FY2018, 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$239,000.

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 appointment of Ernst & Young LLP as the Group's new external auditors in place of Deloitte & Touche LLP for the financial year ended 31 March 2018. The proposed change of auditors from Deloitte & Touche LLP to Ernst & Young LLP was approved by the shareholders at the Extraordinary General Meeting of the Company held on 21 September 2017.

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 FY2018.

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 FY2018.

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.

REPORT OF CORPORATE GOVERNANCE

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 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 FY2018 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 adequacy and effectiveness of the internal audit function of the Company annually.

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.

REPORT OF CORPORATE GOVERNANCE

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. Shareholders can access financial information, corporate announcements, press releases, annual reports and profile of the Group on the Company's website.

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 FY2018 as the Company has deemed it more appropriate to retain the cash in the Group for its future growth.

REPORT OF CORPORATE GOVERNANCE

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 appraised 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 FY2018 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
Royce Properties Pte. Ltd.		
Interest income	895	–
Scotts Spazio Pte. Ltd.		
Management fee income	200	–
Mr. Sam Goi Seng Hui		
Interest expense	1,178	–

7. NON-SPONSOR FEE

During FY2018, the Company has appointed RHT Capital Pte. Ltd. ("**RHTC**") as its new continuing sponsor with effect from 14 May 2017. Hong Leong Finance Limited ("**HLF**") has ceased as the Company's continuing sponsor on 13 May 2017. There was no non-sponsor fee paid to the Company's former and existing sponsor, HLF and RHTC, in FY2018.

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 FY2018 or if not then subsisting, which were entered into since the end of the previous financial year.

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 2018.

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 2018 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	
Goi Kok Neng (Wei Guolong)	(Appointed on 15 January 2018)
Lee Kiam Hwee	
Dr. Ho Kah Leong @ Ho Kah Leung	
Yu-Foo Yee Shoon	
Ng Hin Lee	(Appointed on 15 January 2018)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Direct interest			**Deemed interest**		
Name of directors	**At the beginning of financial year**	**At the end of financial year**	**At 21 April 2018**	**At the beginning of financial year**	**At the end of financial year**	**At 21 April 2018**
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	1,000,000	1,100,000	459,257,142	459,257,142	459,257,142
Yu-Foo Yee Shoon	–	540,000	540,000	–	–	–

(1) By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Ms. Ong Chih Ching and Ms. Leny Suparman are deemed to have an interest in all the subsidiaries, associates and joint ventures 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 (2017: 493,247,143) shares which comprises (i) 428,571,428 (2017: 428,571,428) shares held through KOP Group Pte. Ltd., (ii) 64,675,715 (2017: 64,175,715) shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd. (2017: United Overseas Bank Nominees (Private) Limited) and (iii) in 2017, 500,000 shares held through 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 (2017: 459,257,142) shares which comprises (i) 428,571,428 (2017: 428,571,428) shares held through KOP Group Pte. Ltd. and (ii) 30,685,714 (2017: 30,685,714) shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd. (2017: United Overseas Bank Nominees (Private) Limited).

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

DIRECTORS' STATEMENT

(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 (Appointed on 15 January 2018)

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:

(a) 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;

(b) the Group's financial and operating results and accounting policies;

(c) 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;

(d) 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;

(e) the co-operation and assistance given by the management to the Group's external auditor; and

(f) 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

Singapore
7 August 2018

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 2018, 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 Consolidated Financial Performance and Consolidated Changes in Equity of the Group (arising from qualification in the previous financial year)

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated statement of profit or loss and other comprehensive income and consolidated statements of changes in equity of the Group are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial performance and consolidated changes in equity of the Group for the year ended on that date.

Opinion on the Consolidated Financial Position and Consolidated Cash Flows of the Group, the Financial Position and Changes in Equity of the Company

In our opinion, the accompanying balance sheets of the Group and the Company, consolidated cash flows statement of the Group and the statement of changes in equity of the Company are properly drawn up in accordance with the Act and FRSs so as to give a true and fair view of the consolidated financial position of the Group and the Company as at 31 March 2018 and of the 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)

The predecessor auditor expressed a qualified opinion 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 at 31 March 2017 as set out in Note 26 to the financial statements. Consequently, we were unable to assess whether any adjustments arising from the opening balances were necessary to the consolidated statement of profit or loss and other comprehensive income and consolidated statements of changes in equity for the year ended 31 March 2018. The Group and the said individual have now formalised the loan arrangement as disclosed in Note 26 to the financial statements.

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 unmodified opinion on the consolidated financial position of the Group and the financial position of the Company, the consolidated cash flows of the Group and changes in equity of the Company and our qualified opinion on the consolidated financial performance and consolidated changes in equity of the Group.

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 2018, the Group has significant balances relating to properties in Bali and Batam, Indonesia, which comprise properties under development amounting to $24,306,000 and leasehold land and buildings amounting to $31,588,000 classified under property, plant and equipment. To support the carrying value of these assets, 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 valuation of these properties is significant to our audit because it involves the estimation of the key assumptions to be applied in the valuation model. The key assumptions applied are discount rate, average room rates, occupancy rates, growth rate and selling price per square metre.

As part of the audit, we assessed the objectivity, independence and expertise of the external professional valuer. We involved our internal real estate valuation specialists to assist us in assessing the appropriateness of the valuation model and assessing the reasonableness of the key assumptions used by management and the external professional valuer 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 Note 10 respectively to the financial statements.

2. Recoverability of receivables

The Group has a loan receivable from its associate, Epic Land Pte. Ltd. ("Epic Land") amounting to $6,127,000 as at 31 March 2018 (Note 20). The recoverability of this loan is dependent on the completion of the sale of properties by Epic Land. In addition, the Group has an accrued income from services rendered to a joint venture company amounting to $2,097,000 as at 31 March 2018 (Note 20). The recoverability of the accrued income is dependent on the joint venture obtaining certain development permits from the China authorities. Significant management judgement is involved in evaluating the recoverability of these receivables. As such, we determined the recoverability of these receivables to be a key audit matter.

As part of our audit procedures in assessing the recoverability of the loan receivable from Epic Land, we reviewed the sale and purchase agreement for the sales of properties by Epic Land. We also assessed the reasonableness of management's judgement on the expected timing of the loan repayment from Epic Land based on previous completed sales of properties by Epic Land and historical loan repayment from Epic Land.

With respect to the accrued income, as part of our audit, we reviewed the service agreement with the joint venture. We also evaluated management's assessment on the joint venture's ability to obtain the required development permits by discussing with the component auditors to gain an understanding of the permits application process in China and obtained an update from management on the application status. We assessed the adequacy of the disclosures of significant judgement exercised by management in assessing the collectability of these receivables in Note 3.2 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

3. Going concern assumption

As discussed in Note 2.1 to the financial statements, the Group incurred a net loss of $8,046,000 and negative cash flows from operating activities of $11,030,000 during the financial year ended 31 March 2018. Significant management judgement is involved in assessing the ability of the Group to meet its financial obligations, manage its liquidity position and consequently, the use of the going concern assumption 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 test on the key assumptions used, in particular, revenue from properties sale and resort operations, by comparing to historical data. With respect to loan due to a shareholder of $37,000,000 as at 31 March 2018, we reviewed the letter received from the shareholder subsequent to year end to extend the repayment term of the loan for another year from 9 November 2018 to 9 November 2019. We also reviewed the notice of conversion received subsequent to year end from an individual to convert the loan due to the individual amounting to US$3,000,000 as at 31 March 2018 to shares of a subsidiary. In addition, we assessed the expected cash flows to be received from the associate, Epic Land as described in the above key audit matter - Recoverability of receivables (recoverability of loan receivable from Epic Land). We also assessed the adequacy of the disclosures to Note 2.1 to the financial statements.

Other Matter

The financial statements of the Group for the financial year ended 31 March 2017 were audited by another auditor who expressed a qualified opinion on those statements on 28 August 2017 due to the matter described in the Basis for Qualified Opinion section of our report.

Other Information

Management is responsible for 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 identified above when it becomes available 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. The Directors' Statement states that the consolidated financial statements of the Group and the statement of financial position 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 the Company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended. However, as described in the Basis for Qualified Opinion section above, we have qualified our opinion on the consolidated financial performance and consolidated changes in equity of the Group due to the qualification in the previous financial year as described in that section.

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 FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

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 skepticism 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of KOP Limited

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 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	Note	Group	
		2018	2017
		$'000	$'000
Revenue	4	26,705	16,150
Cost of sales		(8,893)	(8,827)
Gross profit		17,812	7,323
Other operating income	5	3,324	14,974
Distribution costs		(582)	(920)
Administrative and general expenses		(20,778)	(18,200)
Share of results from investments in associates		(66)	1,896
Share of results from investment in a joint venture		(3,319)	–
Finance costs	6	(3,473)	(965)
(Loss)/Profit before tax		(7,082)	4,108
Income tax expense	7	(964)	(1,894)
(Loss)/Profit after tax	8	(8,046)	2,214
Other comprehensive income for the financial year			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		1,615	(62)
Total comprehensive income for the financial year		(6,431)	2,152
(Loss)/Profit attributable to:			
Owners of the Company		(7,783)	1,194
Non-controlling interests		(263)	1,020
		(8,046)	2,214
Total comprehensive income attributable to:			
Owners of the Company		(6,342)	1,172
Non-controlling interests		(89)	980
		(6,431)	2,152
(Loss)/Earnings per share (cents)			
Basic and diluted	9	(0.79)	0.13

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

BALANCE SHEETS

As at 31 March 2018

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	10	41,671	59,427	3	–
Investment properties	11	–	11,306	–	–
Intangible assets	12	–	7	–	–
Investments in subsidiaries	13	–	–	144,900	147,400
Investments in associates	14	8,669	8,735	–	–
Investment in a joint venture	15	59,392	–	–	–
Deferred tax assets	16	99	242	–	–
Notes receivable	17	1,789	16,894	–	–
		111,620	96,611	144,903	147,400
Current assets					
Development properties	18	24,306	24,448	–	–
Inventories	19	527	518	–	–
Trade and other receivables	20	11,458	36,485	78,489	27,833
Other current assets	21	932	755	47	22
Notes receivable	17	8,000	–	–	–
Cash and bank balances	22	9,613	815	440	5
		54,836	63,021	78,976	27,860
Total assets		166,456	159,632	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 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current liabilities					
Bank overdrafts and bank borrowings (secured)	23	1,131	14,075	–	–
Finance leases	24	30	20	–	–
Sales proceeds received in advance	25	986	2,445	–	–
Tax payable		523	1,131	4	4
Trade and other payables	26	13,835	24,231	830	5,015
Loan from a shareholder	27	37,000	–	37,000	–
		53,505	41,902	37,834	5,019
Non-current liabilities					
Deferred tax liabilities	16	2,716	2,626	–	–
Bank borrowings (secured)	23	10,125	19,822	–	–
Finance leases	24	177	37	–	–
		13,018	22,485	–	–
Equity attributable to owners of the Company					
Share capital	28	78,940	67,861	294,506	283,427
Foreign currency translation reserves	29	1,855	414	–	–
Other reserves	30	1,520	1,520	–	–
Retained earnings/(Accumulated losses)		18,161	25,944	(108,461)	(113,186)
		100,476	95,739	186,045	170,241
Non-controlling interests		(543)	(494)	–	–
Total equity		99,933	95,245	186,045	170,241
Total liabilities and equity		166,456	159,632	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 2018

	Share capital $'000	Foreign currency translation reserves $'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 2016	67,861	436	1,258	25,012	94,567	(1,420)	93,147
Total comprehensive income for the financial year							
Profit for the year	–	–	–	1,194	1,194	1,020	2,214
Other comprehensive income for the year	–	(22)	–	–	(22)	(40)	(62)
	–	(22)	–	1,194	1,172	980	2,152
Transaction with owners, recognised directly in equity							
Strike-off of subsidiary	–	–	262	(262)	–	(54)	(54)
As at 31 March 2017	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
	–	1,441	–	(7,783)	(6,342)	(89)	(6,431)
Transactions with owners, recognised directly in equity							
Issuance of ordinary shares (Note 28)	11,079	–	–	–	11,079	–	11,079
Contribution from non-controlling interests	–	–	–	–	–	40	40
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.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	Share capital $'000	Accumulated losses $'000	Total $'000
Company			
As at 1 April 2016	283,427	(109,860)	173,567
Loss for the year, representing total comprehensive income for the year	–	(3,326)	(3,326)
As at 31 March 2017	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 28)	11,079	–	11,079
As at 31 March 2018	294,506	(108,461)	186,045

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 2018

	Note	2018 $'000	2017 $'000
Operating activities			
(Loss)/Profit before tax		(7,082)	4,108
Adjustments for:			
Depreciation of property, plant and equipment	10	3,251	3,352
Gain on disposal of non-current asset held for sale	5	–	(8,801)
(Gain)/Loss on disposal of property, plant and equipment	5,8	(455)	28
Gain on strike-off of subsidiaries	5	(146)	–
Gain on disposal of subsidiary	5, 13(d)	(23)	–
Property, plant and equipment written off	8	3	117
Amortisation of intangible assets	8	7	59
Impairment of prepaid film rights	8	–	87
Impairment of intangible assets	8	–	60
Interest income	5	(1,038)	(1,889)
Finance costs	6	3,473	965
Bad debts written off	8	30	–
Allowance for doubtful receivables, net	8	112	343
Unrealised foreign exchange differences		1,845	(363)
Share of results of investments in associates		66	(1,896)
Share of results of investment in a joint venture		3,319	–
Fair value gain on investment property	11	–	(340)
Operating cash flows before changes in working capital		3,362	(4,170)
Trade and other receivables		(2,792)	(924)
Other current assets		(198)	(51)
Development properties		172	183
Inventories		(9)	64
Prepaid film rights		–	9
Trade and other payables		(5,200)	(8,215)
Sales proceeds received in advance		(1,459)	(2,740)
Cash flows used in operating activities		(6,124)	(15,844)
Interest paid		(3,640)	(1,780)
Interest received		–	8
Tax paid		(1,266)	(304)
Net cash flows used in operating activities		(11,030)	(17,920)

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 2018

	Note	2018	2017
		$'000	$'000
Investing activities			
Purchase of property, plant and equipment	10	(2,678)	(2,956)
Proceeds from disposal of property, plant and equipment		492	1,108
Proceeds from non-current asset held for sale		–	33,792
Partial redemption of notes receivable		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		27,000	–
Net cash flows (used in)/generated from investing activities		(25,707)	31,944
Financing activities			
Repayment of bank borrowings		(14,539)	(21,307)
(Increase)/Decrease in restricted funds placed in escrow accounts		(474)	465
Repayment of finance leases		(83)	(169)
Repayment to non-controlling interests		(3,792)	(54)
Advances from non-controlling interests		–	4,163
Proceeds from issuance of ordinary shares		11,079	–
Proceeds from bank borrowings		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		40	–
Net cash flows generated from/(used in) financing activities		52,464	(16,902)
Net increase/(decrease) in cash and cash equivalents		15,727	(2,878)
Cash and cash equivalents at beginning of the financial year		(6,800)	(3,933)
Effect of foreign currency translation on cash and cash equivalents		(75)	11
Cash and cash equivalents at end of the financial year	22	8,852	(6,800)

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 2018

1. Corporate information

The Company (Registration No. 200415164G) 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 Notes 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 (FRS).

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.

<u>Going concern assumption</u>

The Group incurred a net loss of $8,046,000 (2017: Net profit of $2,214,000) and negative cash flows from operating activities of $11,030,000 (2017: $17,920,000) during the financial year ended 31 March 2018. In addition, the Group has capital commitments for development of existing properties as disclosed in Note 33. 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 Group has an outstanding loan due to a shareholder amounting to $37,000,000 as at 31 March 2018 (Note 27). Subsequent to year end, the Group has secured from the shareholder an extension of the repayment term for another year from 9 November 2018 to 9 November 2019.

– On 31 May 2018, the Group entered into a loan deed with the individual to formalise and clarify terms governing a US$3,000,000 loan (Note 26). The loan deed provides the individual an option to convert the loan into shares of a subsidiary 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. On 10 July 2018, the individual has served his notice of conversion to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

Going concern assumption (cont'd)

- 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 directors are confident that the associate will repay the loan amount due to the Group of $6,127,000 (Note 20) and distribute dividends to the Group pursuant to the sale and purchase agreement entered into between the associate and a buyer in July 2018 to dispose its remaining properties.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 April 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than impact on the adoption of the SFRS(I) 15 and SFRS(I) 9 that are effective on 1 April 2018, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statement in the year of initial application. The Group expects that the impact of adopting SFRS(I) 15 and SFRS(I) 9 that are effective on 1 April 2018 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.3.

2.2 ***Changes in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for the annual financial periods beginning on or after 1 April 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any 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 2018

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

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Improvements to FRSs (March 2018)	
- Amendments to FRS 103 *Business Combinations*	1 January 2019
- Amendments to FRS 111 *Joint Arrangements*	1 January 2019
- Amendments to FRS 12 *Income Taxes*	1 January 2019
- Amendments to FRS 23 *Borrowing Costs*	1 January 2019
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 April 2018. Upon adoption of SFRS(I) on 1 April 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

The directors have performed a preliminary assessment of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below. Other than SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application.

<u>SFRS(I) 15 *Revenue from Contracts with Customers*</u>

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers. 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 new revenue is effective for annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

SFRS(I) 15 *Revenue from Contracts with Customers (cont'd)*

The Group has performed a preliminary assessment of SFRS(I) 15 based on currently available information. This assessment may be subjected to changes arising from a more detailed ongoing analysis. The Group is engaged in development of properties and has assessed that for its significant developments, performance obligations for the sale of pre-completion and completed units will be satisfied at a point in time rather than over time.

Based on the preliminary assessment, the Group does not expect that the adoption of SFRS(I) 15 will have a material impact to the Group operations in 2019.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Based on the preliminary assessment, the Group does not expect that the adoption of SFRS(I) 9 will have a material impact on the Group operations in 2019.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The Group has performed a preliminary impact of the adoption of SFRS(I) 16 and expects that the adoption of SFRS(I) 16 will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation and gearing ratio.

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.

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 interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

(a) ***Basis of consolidation (cont'd)***

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– de-recognises the carrying amount of any non-controlling interest;
– de-recognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss;
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) ***Business combinations and goodwill***

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 deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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)***

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 2018

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. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to 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 2.20. 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.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land and buildings	-	26 – 50 years
Computers	-	1 – 4 years
Furniture and fittings	-	5 years
Motor vehicles	-	5 years
Boats	-	5 years
Office equipment	-	1 – 5 years
Hotel and resort equipment	-	3 – 5 years
Renovation	-	5 years
Machinery and factory equipment	-	2 – 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

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.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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 except those classified as other intangible assets 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.

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

Website cost	-	3 years

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 solid 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.9 *Intangible assets (cont'd)*

Intangible assets relating to film rights (cont'd)

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 de-recognition 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 de-recognised.

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.

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 separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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.

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 is accounted as 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 and 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.13 *Joint ventures and associates (cont'd)*

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.

2.14 *Financial instruments*

(a) *Financial assets*

<u>Initial recognition and measurement</u>

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

<u>Subsequent measurement</u>

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.14 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

Subsequent measurement (cont'd)

Loans and receivables (cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income 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 2018

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 de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.15 ***Impairment of financial assets (cont'd)***

(a) ***Financial assets carried at amortised cost (cont'd)***

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) ***Financial assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.16 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 ***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. Costs comprise cost of land, design fee, infrastructure and construction and related interest and are assigned by using specific identification. Included in the development properties are completed properties and properties under construction which are held for sale in the ordinary course of business.

Net realisable value of the development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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 first-in, first-out 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 *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.

2.21 *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 2018

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

2.22 ***Employee benefits***

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") 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.

2.23 ***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.

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

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

(b) ***As lessor***

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.24 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) ***Hotel, resort and cafe operations***

Revenue from hotel, resort and cafe operations mainly comprises room revenue, food and beverage sales and spa activities, and represents the invoiced value of services rendered after deducting discounts. Revenue is recognised when the services are rendered.

(b) ***Revenue from sale of development properties***

For overseas properties, revenue and cost on development properties that have been sold are recognised using the completed-contract method. Under the completed-contract method, revenue and cost on development properties that have been sold are recognised when the construction of the development properties is completed and the risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or the transfer of an equitable interest in a property.

(c) ***Management, coordination and establishment fee income***

Management fee from real estate origination, coordination services and establishment fee are recognised when the services are rendered.

(d) ***Commission income***

Commission income is recognised when the services are rendered.

(e) ***Content production***

Revenue and minimum guarantee payments from the production, sale and exploitation of film productions are recognised only after conditions contained in the relevant contracts are fully satisfied, films are delivered and the amount of revenue can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.24 ***Revenue (cont'd)***

(f) ***Sale of goods and assignment of distribution rights***

Revenue from the sale of goods and assignment of distribution rights is recognised when all the following conditions are satisfied:

– The Group has transferred to the buyer the significant risks and rewards of ownership of the goods or distribution rights;
– The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods or distribution rights sold;
– The amount of revenue can be measured reliably;
– It is probable that the economic benefits associated with the transaction will flow to the entity; and
– The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(g) ***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.

(h) ***Interest income***

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

2.25 ***Taxes***

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

(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 by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

(b) ***Deferred tax (cont'd)***

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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) ***Sales tax***

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.26 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

2.27 *Contingencies (cont'd)*

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying 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 2018, the Group has significant balances relating to properties in Bali and Batam, Indonesia, which comprise properties under development amounting to $24,306,000 and leasehold land and buildings amounting to $31,588,000 classified under property, plant and equipment. To support the carrying value of these assets, 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 and selling price 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

3.2 **Key sources of estimation uncertainty (cont'd)**

Net realisable value of development properties and impairment of property, plant and equipment (cont'd)

The carrying amount of the property, plant and equipment and development properties are disclosed in Note 10 and Note 18 to the financial statements respectively.

Recoverability of receivables

The policy for allowances for doubtful receivables of the Company and Group is based on the evaluation of collectability and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including current creditworthiness, the past history of each customer and ongoing dealings with these parties. If the financial conditions of these counterparties were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

In particular, the Group has a loan receivable from its associate, Epic Land Pte. Ltd. ("Epic Land") amounting to $6,127,000 (Note 20) as at 31 March 2018. The recoverability of this loan is dependent on the completion of the sale of properties by Epic Land. In addition, the Group has an accrued income from services rendered to a joint venture company amounting to $2,097,000 as at 31 March 2018 (Note 20). The recoverability of the accrued income is dependent on the joint venture obtaining certain development permits from the China authorities.

With respect to the loan receivable from Epic Land, management performed an assessment on the recoverability of the loan receivable with reference to the terms of the sale and purchase agreement for the sales of properties by Epic Land, the expected timing of the loan repayment from Epic Land based on previous completed sales of properties by Epic Land and historical loan repayment from Epic Land. The Group assessed that the loan receivable will be recoverable and no allowance for doubtful receivables will be required.

With respect to the accrued income, management performed an assessment on the recoverability of the accrued income with reference to the service agreement with the joint venture, the permit application process in China and the application status update from the project team. The Group assessed that the accrued income will be recoverable and no allowance for doubtful receivables will be required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

4. Revenue

	Group	
	2018	**2017**
	$'000	$'000
Management, coordination and establishment fee	11,054	725
Hotel, resort and cafe operations	13,580	11,354
Sale of development properties	1,659	3,362
Sale of goods	–	2
Assignment of distribution rights	5	387
Content production	–	22
Rental income	407	298
	26,705	16,150

5. Other operating income

	Group	
	2018	**2017**
	$'000	$'000
Commission income from associates	–	281
Commission income from related company	–	948
Net foreign exchange gains	45	365
Fair value gain on investment property	–	340
Government grants received	5	323
Interest income from third parties	18	8
Interest income from an associate	125	921
Interest income from notes receivable	895	960
Bad debts recovered	650	1,580
Gain on disposal of non-current assets held for sale	–	8,801
Gain on disposal of subsidiary	23	–
Gain on strike-off of subsidiaries	146	–
Gain on disposal of property, plant and equipment	455	–
Other income	962	447
	3,324	14,974

Included in other income are recovery of penalties of $612,000 (2017: Nil) previously paid to the Indonesian tax authority.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

6. Finance costs

	Group	
	2018	**2017**
	$'000	$'000
Interest expense:		
- Bank overdrafts	136	365
- Revolving credit facility	62	178
- Bank loans	1,288	1,389
- Loan from a shareholder	1,178	–
- Others	839	11
	3,503	1,943
Less: Amount capitalised in development properties	(30)	(123)
Less: Amount capitalised in property, plant and equipment	–	(855)
	3,473	965

Included in other interest expense include an amount of $823,000 (2017: Nil) charged by joint venture partners for late capital injection into joint venture investment.

7. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	Group	
	2018	**2017**
	$'000	$'000
Consolidated statement of profit or loss and other comprehensive income:		
Income taxes		
- Current income taxation	967	432
- Overprovision in prior years	(20)	(14)
Deferred tax	17	1,476
	964	1,894

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

7. Income tax expense (cont'd)

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 March 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	$'000	$'000
(Loss)/Profit before tax	(7,082)	4,108
Tax at 17% (2017: 17%)	(1,204)	698
Adjustments:		
Non-deductible expenses	1,349	1,548
Income not subjected to tax	(1,592)	(1,546)
Effect of partial tax exemption and tax relief	(26)	–
Utilisation of previously unrecognised tax losses	(175)	–
Deferred tax assets not recognised	1,446	999
Tax losses not available to be carried forward	52	318
Overprovision of tax in prior years	(20)	(14)
Different tax rates of subsidiaries operating in other jurisdictions	(136)	213
Tax effect on share of results from investments in associates	11	(322)
Tax effect on share of results from investment in a joint venture	564	–
Others	695	–
	964	1,894

At the end of the reporting period, the Group has unutilised tax losses, capital allowances and approved donations of $30,170,000 (2017: $35,730,000), $3,000 (2017: $3,000) and $388,000 (2017: $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 $6,511,000 (2017: $10,025,000) which will expire in 2019-2023 (2017: 2018-2022). The donations of $388,000 (2017: $388,000) will expire in 2020-2023 (2017: 2020-2021).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

8. (Loss)/Profit after tax

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

	Group	
	2018	**2017**
	$'000	$'000
Directors' remuneration:		
- of the Company	1,357	1,582
- of the subsidiaries	774	487
	2,131	2,069
Directors' fees	177	120
Employee benefits expense (including directors' remuneration)	5,320	5,710
Defined contribution plans (included in employee benefits expense)	330	384
Audit fees:		
- paid to auditors of the Company	239	203
- paid to other auditors	56	65
Non-audit fees paid to auditors of the Company	–	18
Allowance for doubtful receivables, net	112	343
Depreciation of property, plant and equipment	3,251	3,352
Amortisation of intangible assets	7	59
Rental expenses	398	395
Impairment of prepaid film rights	–	87
Impairment of intangible assets	–	60
Cost of inventories recognised as expenses	3,317	3,525
Cost of development properties recognised as expenses	704	1,823
(Gain)/Loss on disposal of property, plant and equipment	(455)	28
Property, plant and equipment written off	3	117
Bad debts written off	30	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

9. (Loss)/Earnings per share

Basic (loss)/earnings per share are calculated by dividing (loss)/profit, net of tax, that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share are calculated by dividing (loss)/profit, net of tax that is 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 Company has no dilutive potential ordinary shares.

The following table reflects the (loss)/profit after taxation and share data used in the computation of basic and diluted (loss)/earnings per share for the financial years ended 31 March:

	Group	
	2018	**2017**
(Loss)/Profit attributable to equity holders of the Company ($'000)	(7,783)	1,194
Weighted average number of ordinary shares for basic and diluted earnings per share (no. of shares)	984,990,584	886,369,771
Basic and diluted (loss)/earnings per share (cents per share)	(0.79)	0.13

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

10. Property, plant and equipment

	Leasehold land and buildings	Computers	Furniture and fittings	Motor vehicles	Boats	Office equipment	Hotel and resort equipment	Renovation	Machinery and factory equipment	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
Cost											
At 1 April 2016	54,251	1,237	2,468	1,274	60	202	1,196	900	7	6,475	68,070
Additions during the year	–	112	38	24	–	–	87	383	3	3,164	3,811
Disposals during the year	–	(5)	(15)	(107)	–	–	–	(442)	–	(1,008)	(1,577)
Write-offs	–	–	–	–	–	–	–	(176)	–	–	(176)
Reclassification to investment property	(1,267)	–	–	–	–	–	–	–	–	–	(1,267)
Transfer from assets under construction	–	–	–	–	–	–	2,487	–	–	(2,487)	–
Exchange differences	929	20	77	(2)	–	–	14	(5)	–	254	1,287
At 31 March 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

	Leasehold land and buildings	Computers	Furniture and fittings	Motor vehicles	Boats	Office equipment	Hotel and resort equipment	Renovation	Machinery and factory equipment	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
Accumulated depreciation											
At 1 April 2016	3,454	653	1,309	816	60	202	813	476	1	–	7,784
Depreciation charge during the year	1,441	233	497	217	–	–	762	199	3	–	3,352
Disposals during the year	–	(5)	(8)	(20)	–	–	(408)	–	–	–	(441)
Write-offs	–	–	–	–	–	–	–	(59)	–	–	(59)
Exchange differences	14	7	46	–	–	–	20	(2)	–	–	85
At 31 March 2017	4,909	888	1,844	1,013	60	202	1,187	614	4	–	10,721
Depreciation charge during the year	1,215	189	491	194	–	23	1,040	95	4	–	3,251
Disposals during the year	–	(19)	(2)	(431)	–	–	(6)	–	–	–	(458)
Disposal of subsidiary	(1,436)	–	–	–	–	(26)	–	(113)	–	–	(1,575)
Write-offs	–	–	(1)	–	–	–	–	–	–	–	(1)
Exchange differences	(71)	(19)	(117)	(1)	–	(2)	(87)	2	–	–	(295)
At 31 March 2018	4,617	1,039	2,215	775	60	197	2,134	598	8	–	11,643
Net carrying amount											
At 31 March 2018	31,588	387	357	425	–	28	2,443	59	7	6,377	41,671
At 31 March 2017	49,004	476	724	176	–	–	2,597	46	6	6,398	59,427

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

Company	**Computers** $'000
Cost	
At 1 April 2016, 31 March 2017	2
Additions during the year	3
At 31 March 2018	5
Accumulated depreciation	
At 1 April 2016	*
Depreciation charge during the year	2
At 31 March 2017	2
Depreciation charge during the year	*
At 31 March 2018	2
Net carrying amounts	
At 31 March 2018	3
At 31 March 2017	–

* Amount is less than one thousand.

Assets pledged as security

The Group has pledged its leasehold land and buildings and assets under construction with a total carrying amount of $37,965,000 (2017: $55,402,000) to secure the bank overdrafts, borrowings and banking facilities as disclosed in Note 23 to the financial statements.

Assets held under finance leases

As at the end of the reporting period, the carrying amount of motor vehicles held under finance leases is $310,000 (2017: $33,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

11. Investment properties

	Group	
	2018	**2017**
	$'000	$'000
At fair value		
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
Disposals of subsidiary	(11,306)	–
Balance at end of the year	–	11,306

Details of the Group's investment property as at 31 March 2017 are 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 balance sheet date. 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 properties 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

11. Investment properties (cont'd)

The following table shows the significant unobservable inputs used in the valuation models for the investment property during the financial year ended 31 March 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.

The property rental income from the Group's investment property all of which are leased out under operating leases, amounted to $407,000 (2017: $298,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $155,000 (2017: $235,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

12. Intangible assets

	Website cost $'000	License cost $'000	Content production $'000	Total $'000
Group				
Cost				
At 1 April 2016	3	528	149	680
Write-offs	(3)	–	–	(3)
At 31 March 2017 and 31 March 2018	–	528	149	677
Accumulated amortisation				
At 1 April 2016	3	315	70	388
Write-offs	(3)	–	–	(3)
Amortisation	–	55	4	59
At 31 March 2017	–	370	74	444
Amortisation	–	7	–	7
At 31 March 2018	–	377	74	451
Accumulated impairment				
At 1 April 2016	–	91	75	166
Impairment for the year	–	60	–	60
At 31 March 2017 and 31 March 2018	–	151	75	226
Net carrying amount				
At 31 March 2018	–	–	–	–
At 31 March 2017	–	7	–	7

The amortisation expense amounting to $7,000 (2017: $59,000) 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.

In 2017, impairment loss amounting to $60,000 for license cost has been made for film rights for which management has assessed to be non-recoverable after taking into consideration the market conditions including demand for such film/movie and/or box office results of the movie in other countries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

13. Investments in subsidiaries

	Company 2018 $'000	Company 2017 $'000
Unquoted shares, at cost	250,744	253,944
Less: Allowance for impairment	(105,844)	(106,544)
Carrying amount of investments in subsidiaries	144,900	147,400

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

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

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

(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 2018 %	Effective equity held by the Group 2017 %
Scorpio East Entertainment Pte. Ltd. (1)	Dormant/ Singapore	100	100
Scorpio East Multimedia Pte. Ltd. (7)	Dormant/ Singapore	–	100
Scorpio East Pictures Pte. Ltd. (1)	Dormant/ Singapore	100	100
Scorpio East Pictures (H.K.) Limited (7)	Dormant/ Hong Kong	–	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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 2018 %	Effective equity held by the Group 2017 %
Scorpio East Productions Pte. Ltd. (1)	Dormant/ Singapore	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)	Investment holding/ Singapore	100	100
KOP Properties Pte. Ltd. (1)	Investment holding/ Singapore	100	100
Subsidiaries held by KOP Properties Pte. Ltd.			
Montigo Nongsa Pte. Ltd. (1)	Real estate activities with own or leased property and business and management consultancy services/ Singapore	100	100
P.T. Teguh Cipta Pratama (2)	Development and provision of resort services/ Indonesia	100	100
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
The Cranley Hotel (IOM) Limited (2) (6)	Property holding/ Isle of Man	85	85

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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 2018 %	Effective equity held by the Group 2017 %
Gramercy Properties Pte. Ltd. (1)	Real estate development/ Singapore	100	100
KOP Properties (HK) Limited (2) (5)	Property management and consultancy/ Hong Kong	51	51
KOP Cecil Pte. Ltd. (1)	Investment holding/ Singapore	100	100
KOP Properties Shanghai Operation and Management Pte. Ltd. (1)	Real estate operation and management services/ Singapore	100	100
Wintastar Holdings Pte. Ltd. (1)	Investment holding and business management consultancy services/ Singapore	100	100
Subsidiary held by Gramercy Properties Pte. Ltd.			
P.T. Montigo Seminyak (2)	Development and provision of hotel services/ Indonesia	100	100
Subsidiary held by KOP Properties (HK) Limited			
KOP Management Services (Shanghai) Co., Ltd. (2) (5)	Property management and consultancy/ People's Republic of China	51	51

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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 2018 %	2017 %
Subsidiaries held by Montigo Resorts Pte. Ltd.			
Franklyn Hotels & Resorts (Europe) Limited [(2)]	Dormant/ United Kingdom	100	100
Montigo Resorts Kazakhstan Pte. Ltd. [(1)] [(9)]	Investment holding/ Singapore	50	50
Cafe Montigo Pte. Ltd. [(1)] [(4)]	Cafes and coffee houses/ Singapore	60	–
Subsidiaries held by The Cranley Hotel (IOM) Limited			
CHL Hotel Limited (formerly known as Cranley Hotel Limited) [(2)] [(6)]	Provision of hotel services/ United Kingdom	85	85
Cranley Real Estate Limited [(2)] [(6)]	Dormant/ United Kingdom	85	85
Subsidiaries held by KOP Properties Shanghai Operation and Management Pte. Ltd.			
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)]	Business management and consultancy/ People's Republic of China	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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 2018 %	2017 %
Subsidiaries held by Wintastar Holdings Pte. Ltd.			
Wintastar Real Estate Pte. Ltd. [(1)]	Investment holding and real estate activities/ Singapore	100	100
Wintastar Operations Pte. Ltd. [(1) (4)]	Investment holding and business management consultancy services/ Singapore	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	–
Subsidiary held by Wintastar Real Estate Pte. Ltd.			
KOP Northern Lights Pte. Ltd. [(1)]	Investment holding and real estate development/ Singapore	100	100
Subsidiary held by Wintastar Operations Pte. Ltd.			
WS Shanghai Operations Pte. Ltd. [(1) (4)]	Investment holding and business management consultancy services/ Singapore	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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 2018 %	2017 %
Subsidiary held by Wintastar Concepts Pte. Ltd. (formerly known as KOP Winterland Pte. Ltd.)			
KOP Winterland Operation and Management (Shanghai) Co., Ltd. (2) (8)	Investment management and consultancy/ People's Republic of China	85	85
Subsidiary held by Montigo Resorts Kazakhstan Pte. Ltd.			
Montigo Resorts Kazakhstan Limited Liability Partnership (4) (10)	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 2018.
(4) Incorporated during the financial year ended 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 2018.
(8) Collectively known as "Wintastar Concepts Group".
(9) The 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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	
		2018	2017	2018	2017	2018	2017
		%	%	$'000	$'000	$'000	$'000
Cranley Group	United Kingdom	15.00	15.00	(24)	900	2,127	2,107
KOP HK Group	Hong Kong & People's Republic of China	49.00	49.00	28	(78)	(2,284)	(2,435)
Scorpio East Productions Pte. Ltd.	Singapore	47.37	47.37	12	341	8	(4)
Wintastar Concepts Group	Singapore & People's Republic of China	15.00	15.00	(205)	(134)	(348)	(149)
Individual subsidiaries with immaterial non-controlling interests				(74)	(9)	(46)	(13)
				(263)	1,020	(543)	(494)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Summary of balance sheet								
Current								
Assets	15,894	15,741	235	231	23	45	132	323
Liabilities	(253)	(308)	(4,954)	(5,250)	(5)	(53)	(2,451)	(1,316)
Net current assets/ (liabilities)	15,641	15,433	(4,719)	(5,019)	18	(8)	(2,319)	(993)
Non-current								
Assets	–	–	58	50	–	–	2	1
Liabilities	(1,462)	(1,389)	–	–	–	–	–	–
Net non-current assets/ (liabilities)	(1,462)	(1,389)	58	50	–	–	2	1
Net assets/(liabilities)	14,179	14,044	(4,661)	(4,969)	18	(8)	(2,317)	(992)
Summarised statement of profit or loss and other comprehensive income								
Revenue	–	20	–	–	–	–	–	–
Profit/(Loss) after tax	(162)	6,002	57	(159)	26	722	(1,368)	(890)
Other comprehensive income	297	(184)	251	(113)	–	–	43	(44)
Total comprehensive income	135	5,818	308	(272)	26	722	(1,325)	(934)
Other summarised information								
Net cash flows from operations	(9)	(1,408)	1	(89)	8	731	(879)	(793)
Net cash flows from investing	–	16,734	–	87	–	(732)	(1)	(2)
Net cash flows from financing	–	(15,575)	–	(2)	–	(1)	928	797

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

14. Investments in associates

	Group	
	2018	**2017**
	$'000	$'000
Cost of investments [1]	600	600
Share of post-acquisition profit and losses, net of dividend received	8,069	8,135
	8,669	8,735

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**	
			2018	**2017**
			%	%
Art Heritage Singapore Pte. Ltd. [3]	Art and cultural exhibitions	Singapore	20	20
Epic Land Pte. Ltd. [2] ("Epic Land")	Investment holding company	Singapore	25	25

(1) Includes an investment in an associate, Epic Land of $25.
(2) Audited by Ernst & Young LLP, Singapore.
(3) Under liquidation during the year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

14. Investments in associates (cont'd)

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

	Epic Land	
	2018	**2017**
	$'000	$'000
Current assets	149,595	182,304
Current liabilities	(33,118)	(147,363)
Non-current liabilities	(81,800)	–
Revenue	18,950	36,014
(Loss)/Profit for the year, representing total comprehensive income for the year	(264)	7,585

Reconciliation of the above summarised financial information to the carrying amount of the interest in Epic Land Pte. Ltd. recognised in the consolidated financial statements are as follows:

	2018	**2017**
	$'000	$'000
Net assets of Epic Land	34,677	34,941
Proportion of the Group's ownership interest in Epic Land	25%	25%
Carrying amount of the Group's interest in Epic Land	8,669	8,735

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

15. Investment in a joint venture

On 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% 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 FRSs financial statements, and the reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet	**2018** $'000
Current assets	11,933
Includes:	
- Cash and bank balances	11,253
Current liabilities	7,674
Includes:	
- Financial liabilities (excluding trade and other payables)	–
- Other current liabilities (including trade and other payables)	7,674
Non-current assets	204,566
Non-current liabilities	–
Net assets	208,825
Proportion of the Group's ownership	30%
Group's share of net assets	62,648
Consolidation adjustment arising from transaction with a joint venture	(3,256)
Carrying amount of the investment	59,392

Summarised statement of profit or loss and other comprehensive income

Revenue	–
Interest income	–
Expenses	(210)
Includes:	
- Depreciation and amortisation	–
- Finance costs	(178)
Loss before tax	(210)
Income tax expenses	–
Loss after tax	(210)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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*

	Cash receipts for uncompleted development properties [1]	Others	Total
	$'000	$'000	$'000
Group			
At 1 April 2016	(532)	(36)	(568)
Charged to profit or loss	290	–	290
Adjustment	–	33	33
Exchange differences	–	3	3
At 31 March 2017 and 1 April 2017	(242)	–	(242)
Charged to profit or loss	143	–	143
At 31 March 2018	(99)	–	(99)

[1] Deferred tax assets relate to the tax payable on advanced cash receipts for the sale of development properties in Indonesia which is recognised using the completed-contract ("COC") method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
At 1 April 2016	58	–	1,172	–	–	1,230
Charged to profit or loss	7	1,469	–	–	–	1,476
Exchange difference	–	(80)	–	–	–	(80)
At 31 March 2017 and 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	162	1,462	–	729	363	2,716

[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.

[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.

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2017: 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 2018, 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 2018

17. Notes receivable

	Group	
	2018	**2017**
	$'000	$'000
Notes receivable	9,789	16,894
Less: Notes receivable due for settlement within next 12 months	(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% (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 year ended 31 March 2018, notes receivable amounting to $8,000,000 (2017: $21,000,000) was early redeemed and settled by cash.

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 assets.

Subsequent to the financial year ended 31 March 2018, the total of $8,000,000 of the notes receivable was redeemed and settled by cash.

18. Development properties

Development properties consist of unsold properties under development.

	Group	
	2018	**2017**
	$'000	$'000
Completed properties held for sale	9,292	15,360
Properties under development	15,014	9,088
	24,306	24,448

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

18. Development properties (cont'd)

Development properties were analysed as follows:

	Group	
	2018	**2017**
	$'000	$'000
Land and other related costs	2,355	2,355
Development cost, related overhead expenditure and financing charge incurred to-date	56,757	56,195
Cost of development properties	59,112	58,550
Transferred to cost of sales	(34,806)	(34,102)
	24,306	24,448

The interest expense capitalised during the financial year amounted to $30,000 (Note 6) (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	83%	December 2019

19. Inventories

	Group	
	2018	**2017**
	$'000	$'000
Supplies and consumables	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 is required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20. Trade and other receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Trade receivables	861	1,433	2	–
Amounts due from subsidiaries, trade	–	–	8,045	6,320
Amounts due from related companies, trade	467	–	–	–
Amounts due from subsidiaries, non-trade	–	–	70,422	21,483
Amounts due from associates, non-trade	–	8	–	–
Amounts due from related companies, non-trade	143	520	–	30
Loan to an associate	6,127	33,002	–	–
Other receivables	1,763	1,522	20	–
Accrued income from a joint venture	2,097	–	–	–
Total trade and other receivables	11,458	36,485	78,489	27,833
Add:				
Notes receivable (Note 17)	9,789	16,894	–	–
Other current assets, excluding prepayments (Note 21)	532	163	32	1
Cash and bank balances (Note 22)	9,613	815	440	5
Total loans and receivables	31,392	54,357	78,961	27,839

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

	Group	
	2018	**2017**
	$'000	$'000
United States Dollar	2,427	144
Great Britain Pounds	668	7,391
Indonesian Rupiah	1,367	492

<u>Trade receivables and amounts due from related companies, trade</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20. Trade and other receivables (cont'd)

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, associates and related companies (trade and non-trade) and other receivables

The trade and non-trade receivables due from subsidiaries, associates and related companies and other receivables are unsecured, interest-free and repayable on demand and are to be settled in cash.

Loan to an associate

The loan to an associate is unsecured, bears fixed interest of 3% (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 relates to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

The Group has trade receivables amounting to $1,055,000 (2017: $1,029,000) 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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'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
	1,055	1,029	7,682	6,001

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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	1,736	2,412	9,323	7,540
Less: Allowance for impairment	(408)	(979)	(1,276)	(1,220)
	1,328	1,433	8,047	6,320

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20. Trade and other receivables (cont'd)

Non-trade receivables that are impaired

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Non-trade receivables – nominal amounts	1,230	1,671	75,259	25,523
Less: Allowance for impairment	(1,087)	(1,143)	(4,837)	(4,010)
	143	528	70,422	21,513

Movements in the allowance for doubtful trade receivables are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
At 1 April	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 31 March	408	979	1,276	1,220

Movements in the allowance for doubtful non-trade receivables are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
At 1 April	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 31 March	1,087	1,143	4,837	4,010

(1) As at 31 March 2018, the Company disposed off Scopio East Properties Pte. Ltd. ("SEPP"). Accordingly, trade receivables and non-trade receivables due from Scorpio East Entertainment Pte. Ltd. to SEPP of $512,000 and $615,000 respectively, 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 2018

20. Trade and other receivables (cont'd)

(2) As at 31 March 2017, the Company was in the process of striking off Scorpio East Multimedia Pte. Ltd. ("SEMPL"). Accordingly, 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.

All receivables are individually determined to be impaired. 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.

21. Other current assets

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Deposits	532	163	32	1
Prepayments	400	592	15	21
	932	755	47	22

22. Cash and bank balances

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	8,852	528	440	5
Funds placed in escrow accounts	761	287	–	–
Cash and bank balances	9,613	815	440	5

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
United States Dollar	973	309	–	–
Hong Kong Dollar	10	11	–	–
China Renminbi	4	26	–	–
Great Britain Pounds	1	10	–	–
Indonesian Rupiah	518	165	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

22. Cash and bank balances (cont'd)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash and bank balances	9,613	815	440	5
Less: Bank overdrafts (Note 23)	–	(7,328)	–	–
Less: Restricted funds placed in escrow accounts	(761)	(287)	–	–
Cash and cash equivalents in the consolidated cash flow statement	8,852	(6,800)	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.

23. Bank overdrafts and bank borrowings (secured)

	Group	
	2018	2017
	$'000	$'000
Current		
Bank overdrafts	–	7,328
Revolving credit facility	–	4,000
Fixed rate bank loans:		
- 5-year USD term loan	–	726
- 7-year USD term loan	1,131	891
Variable rate bank loans:		
- SGD land and building loan	–	1,130
	1,131	14,075
Non-current		
Fixed rate bank loans:		
- 7-year USD term loan	10,125	12,000
Variable rate bank loans:		
- SGD land and building loan	–	7,822
	10,125	19,822
Total bank overdrafts and bank borrowings (secured)	11,256	33,897

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

(a) ***Bank overdrafts***

As at 31 March 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 year.

(b) ***Revolving credit facility***

As at 31 March 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 year.

(c) ***5-year USD term loan***

As at 31 March 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 year.

(d) ***7-year USD term loan***

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

	1 April 2017	Cash flows, net	Non-cash changes			31 March 2018
			Disposal of subsidiary	Reclassification	Foreign exchange movement	
	$'000	$'000	$'000	$'000	$'000	$'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

24. Finance leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

24. Finance leases (cont'd)

The Group has finance lease for motor vehicles. The term of the finance lease is 7 years (2017: 7 years) and bear interest rate of 2.58% per annum (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 title has yet to be passed to the purchaser.

26. Trade and other payables

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

(1) The deposits received include non-refundable deposits of $376,000 (2017: $411,000) mainly received from resort unit buyers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

26. Trade and other payables (cont'd)

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

	Group	
	2018	**2017**
	$'000	$'000
United States Dollar	5,386	5,755
Hong Kong Dollar	45	48
China Renminbi	271	287
Great Britain Pounds	87	239
Euros	10	10
Indonesian Rupiah	4,905	9,089

Trade payables/Other payables

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

As at 31 March 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 year.

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

Included in advances from non-controlling interests was an amount of US$3,000,000 equivalent to $3,932,250 (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 2018

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 (2017: US$3,000,000) as at 31 March 2018 are accounted for as financial liabilities and are interest-free, repayable on demand and free from all liens, charges and other encumbrances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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. 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.

Subsequent to the end of the reporting period, the loan was extended for another 12 months and will be due for repayment in November 2019.

28. Share capital

	Group and Company		Company	
	2018	**2017**	**2018**	**2017**
	Number of ordinary shares[1]		$'000	$'000
Issued and fully paid-up capital:				
At 1 April	886,369,771	886,369,771	283,427	283,427
Issuance of ordinary shares	221,592,443	–	11,079	–
At 31 March	1,107,962,214	886,369,771	294,506	283,427

[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 in 4 May 2014.

	Group	
	2018	**2017**
	$'000	$'000
Issued and fully paid-up capital:		
At 1 April	67,861	67,861
Issuance of ordinary shares	11,079	–
At 31 March	78,940[2]	67,861

[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.

During the year, 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.

29. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30. Other reserves

Other reserves arose from transactions with ultimate holding company.

31. Other related parties transactions

(a) During the financial year, the Group entered into the following significant transactions with related parties, at terms agreed between the parties other than those disclosed elsewhere in the financial statements:

	Group	
	2018	**2017**
	$'000	$'000
Related companies		
Management fee income	–	(525)
Interest income from notes receivable	(895)	(960)
Commission income	–	(948)
Associates		
Commission income	–	(281)
Interest income	(125)	(921)
Joint venture company		
Establishment fee income	(10,854)	–
Interest expense	823	–
Entity which the directors of the Company have interest in		
Management fee income	(200)	(200)
Purchase of equipment	28	–
Sales of goods	(5)	–
Transactions with directors		
Management fee income from development properties sold	(7)	(7)
Sales of goods	(1)	–
Shared return from development properties	12	23
Transactions with a shareholder of the Company		
Loan from a shareholder	37,000	–
Interest expense on loan from a shareholder	1,178	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

31. Other related parties transactions (cont'd)

(b) Compensation of directors and key management personnel

The remuneration of directors and members of key management personnel during the year were as follows:

	Group	
	2018	**2017**
	$'000	$'000
Short-term employee benefits	2,786	2,182
Central Provident Fund contributions	93	74
	2,879	2,256

The remuneration of directors and members of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

32. Contingent liabilities

Corporate guarantees

	Company	
	2018	**2017**
	$'000	$'000
Corporate guarantee to financial institutions for subsidiaries' banking facilities	–	20,280
Corporate guarantee to financial institutions for a subsidiary's banking facilities in respect of the Group's share of tender deposit	–	10,750
Corporate guarantee to financial institutions for associates' banking facilities	20,450	–
	20,450	31,030

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

Legal claims

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. Management is of the opinion that there are no merits to the claims. The Company has also been advised by its legal counsel that the Company has a more than even chance of succeeding in its defence of the suit.

At the reporting date, the directors of the Company are of the view that it is presently not practicable to provide an estimate of the financial effects, if any, for the above.

During the year, 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. The case is currently under mediation proceedings.

As at reporting date, the Company is of the opinion that are no merits to the claims and therefore no provision for any liability has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

33. Commitments

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

	Group	
	2018	**2017**
	$'000	$'000
Development properties	3,367	3,670
Property, plant and equipment	2,083	6,851
Advisory fee for real estate management project	–	328
	5,450	10,849

34. Operating lease arrangements

The Group as Lessor

The Group rents out its investment property in Singapore under operating leases. The leases are negotiated for term of two years and rentals are fixed for an average of two years.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2018	**2017**
	$'000	$'000
Within one year	–	470
Between two to five years	–	392
	–	862

The investment property was disposed off during the year.

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	
	2018	**2017**
	$'000	$'000
Minimal lease payments under operating leases recognised as an expense in the year	332	215

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

34. Operating lease arrangements (cont'd)

The Group as Lessee (cont'd)

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

	Group	
	2018	**2017**
	$'000	$'000
Within one year	854	–
Between two to five years	1,090	–
	1,944	–

35. Fair value of assets and liabilities

(a) **Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

Trade and other receivables, other current assets, cash and bank balances and 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 2018

35. Fair value of assets and liabilities (contd')

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

The following table shows an analysis of the Group's assets and liabilities not measured at fair value, for which fair value is disclosed:

Group

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
2018	$'000	$'000	$'000	$'000	$'000
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 (non-current)	–	–	200	200	177
Loan from a shareholder	–	–	37,234	37,234	37,000
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 (non-current)	–	–	39	39	37

Company

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
2018	$'000	$'000	$'000	$'000	$'000
Liabilities					
Loan from a shareholder	–	–	37,234	37,234	37,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

35. Fair value of assets and liabilities (contd')

(c) 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.

36. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has five reportable segments as follows:

(i)	Real estate development and investment	The development, construction and sale of development properties.
(ii)	Real estate origination and management services	The provision of business and management services for projects, including acquisition of properties and undertaking the development conceptualisation, construction management, marketing and branding strategising and retail sales of such projects.
(iii)	Hospitality	Management and operation of hotel and resort, including restaurants and spas.
(iv)	Entertainment	Sales of goods, 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 2018

36. Segment information (cont'd)

2018	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
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 profit/(loss)	(394)	481	(3,387)	86	(3,868)	–	(7,082)
Income tax (expense)/credit	(326)	(660)	22	–	–	–	(964)
Profit/(Loss) 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
Investment 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 2018

36. Segment information (cont'd)

2017	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	3,362	725	11,354	709	–	–	16,150
Inter-segment revenue	–	–	505	161	2,904	(3,570)	–
	3,362	725	11,859	870	2,904	(3,570)	16,150
Results							
Segment results	721	(2,251)	6,643	1,099	(3,035)	–	3,177
Finance costs	–	(136)	(8)	(821)	–	–	(965)
Share of results from investments in associates	1,896	–	–	–	–	–	1,896
Reportable profit/(loss)	2,617	(2,387)	6,635	278	(3,035)	–	4,108
Income tax (expense)/credit	(439)	12	(1,467)	–	–	–	(1,894)
Profit/(Loss) for the year	2,178	(2,375)	5,168	278	(3,035)	–	2,214
Other information							
Interest income	923	964	2	–	–	–	1,889
Depreciation of property, plant and equipment	(401)	(158)	(2,240)	(553)	–	–	(3,352)
Amortisation of intangible assets	–	–	–	(59)	–	–	(59)
Allowance for doubtful receivables, net	–	(253)	–	(90)	–	–	(343)
Bad debts recovered	–	–	–	1,580	–	–	1,580
Fair value gain on investment property	–	–	–	340	–	–	340
Property, plant and equipment written off	–	(117)	–	–	–	–	(117)
Gain on disposal of non-current asset held for sale	–	–	8,801	–	–	–	8,801
Loss on disposal of property, plant and equipment	–	(39)	11	–	–	–	(28)
Impairment of intangible assets	–	–	–	(60)	–	–	(60)
Impairment of prepaid file rights	–	–	–	(87)	–	–	(87)
Reportable segments assets	76,868	18,448	37,881	26,379	56	–	159,632
Reportable segments assets included:							
Investment 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

36. Segment information (cont'd)

Geographical information

The operations of the Group are principally located in Singapore, Indonesia, People's Republic of China and the United Kingdom.

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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Singapore	708	1,434	68,700	34,847
United Kingdom	–	20	–	–
Indonesia	15,143	14,696	41,032	44,578
People's Republic of China	10,854	–	–	50
	26,705	16,150	109,732	79,475

Information about a major customers

Included in the Group's revenue for the financial year ended 31 March 2018 is an establishment fee of $10,854,000 (2017: Nil) which arose from services rendered to a joint venture company.

Included in the Group's revenue for the financial year ended 31 March 2017 was a sale of development property of $1,800,000 which arose from a single buyer.

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by the Board of Directors in accordance with prevailing economic and operating conditions.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, polices and processes for the management of these risks.

(a) ***Foreign currency risk***

The Group operates primarily in Singapore, Indonesia, People's Republic of China and the United Kingdom and as a result, is exposed to foreign currency risk from transactions denominated in foreign currencies, arising from its normal business activities.

The Group does not enter into derivative foreign exchange contracts and foreign currency borrowings to hedge against foreign currency risk. Exposures to foreign currency risks are managed as far as possible by natural hedges of matching assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

At the end of 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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Indonesian Rupiah	1,885	657	(4,905)	(9,089)
United States Dollars	3,400	453	(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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to an 8% (2017: 3%) increase and decrease in the relevant foreign currencies against the functional currency of each of the Group's entity, with all other variables held constant.

	Group	
	2018	**2017**
	$'000	$'000
Impact on profit before tax:		
Indonesian Rupiah	(223)	(257)
United States Dollars	(159)	(181)

The opposite applies if the relevant foreign currencies were to weaken by 8% (2017: 3%) against the functional currency of each Group's entity.

The Company's monetary assets and monetary liabilities are denominated in its functional currency, Singapore Dollars. Accordingly, no foreign currency sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

(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

In 2017, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended 31 March 2017 would decrease/increase by $101,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

At the end of the reporting period, the Group and Company have no exposure to interest rate risk as the interest for the financial assets and financial liabilities are fixed. 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 Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

For other financial assets (including other current assets, excluding prepayments, notes receivable and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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.

The maximum amount the Company could be forced to settle under the financial guarantee contracts in Note 31 to the financial statements, if the full guaranteed amount is claimed by the counterparty to the guarantees, is $20,450,000 (2017: $31,030,000). 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. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37. 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			
	2018		2017	
	$'000	% of total	$'000	% of total
By country				
Singapore	486	36	248	17
Indonesia	832	63	1,175	82
Other countries	10	1	10	1
	1,328	100	1,433	100
By industry sector				
Real estate development and investment	589	44	1,092	76
Real estate origination and management services	476	36	91	7
Hospitality	263	20	24	2
Entertainment	–	–	226	15
	1,328	100	1,433	100

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 2018

37. 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 79% (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

2018	**On demand or within one year** $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
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	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)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

Group

2017	**On demand or within one year** $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
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	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)

Company

2018	**On demand or within one year** $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
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	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 2018

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

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

Company

2017	On demand or within one year $'000	Within two to five years $'000	After five years $'000	Total $'000
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	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.

	2018				2017			
	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Group								
Financial guarantees	–	20,450	–	20,450	31,030	–	–	31,030
Company								
Financial guarantees	–	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

38. Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which include the bank overdrafts and bank borrowings and loan from a shareholder and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The management reviews the capital structure on an on-going basis. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 31 March 2018.

The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The Group's policy is to keep the gearing ratio below 0.70. At the end of the reporting period, the Group's gearing ratio is 0.48 (2017: 0.36).

	Group	
	2018	**2017**
	$'000	$'000
Bank overdrafts and bank borrowings (secured) (Note 23)	11,256	33,897
Finance leases (Note 24)	207	57
Loan from a shareholder (Note 27)	37,000	–
Total borrowings	48,463	33,954
Share capital (Note 28)	78,940	67,861
Foreign currency translation reserves	1,855	414
Other reserve	1,520	1,520
Retained earnings	18,161	25,944
Total equity	100,476	95,739
Gearing ratio	0.48	0.36

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

39. Events after reporting period

On 10 May 2018, the Group entered into a Sale and Purchase Agreement with the owners of the units to purchase all the strata lots in a development known as Villa D'Este ("Development"), Singapore for a total consideration of $93,000,000. The Development located at Dalvey Road, Singapore, is a piece of freehold land with an area of approximately 55,000 square feet.

On 4 June 2018, the Group together with LKH Property Investment Pte. Ltd. ("LKHS") incorporated a subsidiary, Dalvey Breeze Development Pte. Ltd. ("Dalvey Breeze Development"), to redevelop the Development into a high-end condominium. The Group and LKHS each holds 60% and 40% equity interest in Dalvey Breeze Development.

40. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Directors on 7 August 2018.

STATISTICS OF SHAREHOLDING

As at 19 July 2018

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	0.31	74	0.00
100 - 1,000	315	24.21	188,775	0.02
1,001 – 10,000	273	20.98	1,715,900	0.15
10,001 – 1,000,000	666	51.19	88,831,080	8.02
1,000,001 and above	43	3.31	1,017,226,385	91.81
TOTAL	**1,301**	**100.00**	**1,107,962,214**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	369,275,342	33.33
2	GOI SENG HUI	227,091,843	20.50
3	HONG LEONG FINANCE NOMINEES PTE LTD	100,000,000	9.03
4	OCBC SECURITIES PRIVATE LIMITED	80,451,615	7.26
5	UOB KAY HIAN PRIVATE LIMITED	52,654,200	4.75
6	DBS NOMINEES (PRIVATE) LIMITED	41,349,338	3.73
7	MAYBANK KIM ENG SECURITIES PTE LTD	21,236,061	1.92
8	LOW KHENG HONG @ LAU KHENG HONG	14,150,262	1.28
9	RAFFLES NOMINEES (PTE.) LIMITED	12,650,500	1.14
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,505,569	0.95
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	POH SENG KUI	5,000,000	0.45
16	HSBC (SINGAPORE) NOMINEES PTE LTD	3,725,000	0.34
17	TAY MING HIN	3,361,400	0.30
18	KHOO POH CHYE	3,215,000	0.29
19	TAN LYE YING	3,197,400	0.29
20	TAN YONG HAN EDMUND (CHEN YONGHAN)	2,900,000	0.26
	TOTAL	**978,923,330**	**88.36**

STATISTICS OF SHAREHOLDING

As at 19 July 2018

SUBSTANTIAL SHAREHOLDERS AS AT 19 JULY 2018

(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	227,091,342	20.50	-	-

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 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 19 July 2018, 28.13% 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 Fourteen Annual General Meeting (“**AGM**”) of KOP Limited (“**Company**”) will be held at Jade 2 & 3, Orchid Country Club, 1 Orchid Club Road Singapore 769162 on Friday, 24 August 2018 at 2.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2018 together with the Auditors’ Report thereon. **Resolution 1**

2. To approve the payment of additional Directors’ fees of S$7,704 for the financial year ended 31 March 2018.

   Resolution 2

   [See Explanatory Note (i)]

3. To approve the payment of Directors’ fees of S$157,000 for the financial year ending 31 March 2019, to be paid quarterly in arrears. (2018: S$127,704, including S$7,704 upon approval of Resolution 2) **Resolution 3**

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

   Regulation 112

   Ms. Ong Chih Ching **Resolution 4**
   Mr. Lee Kiam Hwee **Resolution 5**

   Regulation 122(2)

   Mr. Goi Kok Neng (Wei Guolong) **Resolution 6**
   Mr. Ng Hin Lee **Resolution 7**

   [See Explanatory Note (ii)]

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 8**

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

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

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

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors while this Resolution was in force,

("**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

(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 (iii)] **Resolution 9**

8. **Renewal of the Share Purchase Mandate**

That:

(a) for the purposes of Section 76C and 76E of the Companies Act, the exercise by the Directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) (each a "**Market Purchase**"), transacted on Catalist Board ("**Catalist**") of the SGX-ST; and/or

(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;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on Catalist immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"**Date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Percentage**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase of a Share, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase of a Share, 120% of the Average Closing Price of the Shares;

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iv)] **Resolution 10**

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 8 August 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Ng Hin Lee was appointed as the Independent Director on 15 January 2018. His Director's fees of S$7,704 for financial year ended 31 March 2018 would be payable on *pro rata* basis.

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

Mr. Ng Hin Lee will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, the member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

(iii) Resolution 9 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issues, consolidation or subdivision of shares.

(iv) Resolution 10 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 2018 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.

APPENDIX

APPENDIX DATED 8 AUGUST 2018

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 Jade 2 & 3, Orchid Country Club, 1 Orchid Club Road Singapore 769162 on 24 August 2018 at 2.00 p.m. (the "**2018 AGM**"). The Notice of the 2018 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 Sponsor and the SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.

The contact person for the Sponsor is Mr. Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, (+65) 6381 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

CONTENTS

APPENDIX

DEFINITIONS

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

"*Appendix*"	This appendix in relation to the proposed renewal of the Share Purchase Mandate
"AGM"	The annual general meeting of the Company to be convened on 24 August 2018
"*Annual Report*"	The annual report of the Company for FY2018
"Board"	The Board of Directors of the Company
"Catalist"	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
"CDP"	The Central Depository (Pte) Limited
"Company"	KOP Limited
"Companies Act"	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
"Constitution"	The existing constitution of the Company, as may be amended or modified from time to time
"Controlling Shareholder"	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company
"Directors"	The directors of the Company as at the date of this Appendix
"EPS"	Earnings per Share
"Group"	The Company and its subsidiaries
"Latest Practicable Date"	19 July 2018, being the latest practicable date prior to the printing of this Appendix

APPENDIX

"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NTA"	:	Net tangible assets
"Personal Data Protection Act"	:	Personal Data Protection Act 2012 (No. 26 of 2012) as may be amended or modified from time to time
"Regulation(s)"	:	Regulation(s) of the Constitution
"ROE"	:	Return on equity
"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

APPENDIX

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.

APPENDIX

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 Goi Kok Neng (Wei Guolong) (*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

8 August 2018

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 8 August 2018 issued by the Company for the purpose of convening the AGM to be held on 24 August 2018 at Jade 2 & 3, Orchid Country Club, 1 Orchid Club Road Singapore 769162 at 2.00 p.m. to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate.

1.2 The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate to be tabled at the AGM as set out under resolution 8 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.

APPENDIX

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.

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 extraordinary general meeting of the Company convened on 21 September 2017, 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;

APPENDIX

(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.

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.

APPENDIX

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

(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 Catalist;

APPENDIX

(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**").

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.

APPENDIX

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.

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

APPENDIX

(of the same class as the treasury shares and/or Subsidiary Holdings) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares and/or Subsidiary Holdings if they are used for a sale or transfer, or cancelled.

2.6 **Source of Funds**

The Company intends to use internal sources of funds, external borrowings or a combination of internal resources and external borrowings to finance the purchases or acquisition of the Shares.

The Directors do not propose to exercise the Share Purchase Mandate in such a manner and to such an extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

2.7 **Solvency Test**

The Companies Act permits any purchase or acquisition of shares to be made out of the company's capital or profits so long as the company is solvent. For this purpose, a company is solvent if at the date of the payment, the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if —

(i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

(ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

2.8 **Financial Effects**

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Purchase Mandate on the Company and the Group will depend on, *inter alia,* whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effect on the audited financial statements of the Company and the Group will depend, *inter alia*, on the factors set out below:

2.8.1 **Purchase or Acquisition out of Profits and/or Capital**

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

APPENDIX

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$0.066 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$7.3 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$0.076 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$8.4 million (excluding brokerage, commission, applicable goods and services tax and other related expenses).

2.8.4 **Illustrative Financial Effects**

For illustrative purposes only, based on the assumptions set out above and the audited financial statements of the Company and the Group for the financial year ended 31 March 2018, 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 2018 by way of:-

(a) Share Purchases made entirely out of capital and cancelled;

(b) Share Purchases made entirely out of profits and cancelled;

APPENDIX

(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 2018 would have been as follows:

(A) Purchases made entirely out of capital and cancelled

	GROUP			COMPANY		
As at 31 March 2018	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**
Share capital	78,940	71,627	70,519	294,506	287,193	286,085
Reserves	21,536	21,536	21,536	(108,461)	(108,461)	(108,461)
Total Shareholders' equity(1)	100,476	93,163	92,055	186,045	178,732	177,624
NTA(2)	99,933	92,620	91,512	186,045	178,732	177,624
Current Assets	54,836	47,523	46,415	78,976	71,663	70,555
Current Liabilities	53,505	53,505	53,505	37,834	37,834	37,834
Total borrowings	11,463	11,463	11,463	-	-	-
Net profit attributable to Shareholders	(7,783)	(7,783)	(7,783)	4,725	4,725	4,725
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)	9.02	9.29	9.18	16.79	17.92	17.81
Gearing ratio (times) (4)	0.11	0.12	0.12	-	-	-
Current ratio (times) (5)	1.02	0.89	0.87	2.09	1.89	1.86
EPS (cents)	(0.70)	(0.78)	(0.78)	0.43	0.47	0.47

APPENDIX

(B) Purchases made entirely out of profits and cancelled

	GROUP			COMPANY		
As at 31 March 2018	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**
Share capital	78,940	78,940	78,940	294,506	294,506	294,506
Reserves	21,536	14,223	13,115	(108,461)	(115,774)	(116,882)
Total Shareholders' equity(1)	100,476	93,163	92,055	186,045	178,732	177,624
NTA(2)	99,933	92,620	91,512	186,045	178,732	177,624
Current Assets	54,836	47,523	46,415	78,976	71,663	70,555
Current Liabilities	53,505	53,505	53,505	37,834	37,834	37,834
Total borrowings	11,463	11,463	11,463	-	-	-
Net profit attributable to Shareholders	(7,783)	(7,783)	(7,783)	4,725	4,725	4,725
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)	9.02	9.29	9.18	16.79	17.92	17.81
Gearing ratio (times) (4)	0.11	0.12	0.12	-	-	-
Current ratio (times) (5)	1.02	0.89	0.87	2.09	1.89	1.86
EPS (cents)	(0.70)	(0.78)	(0.78)	0.43	0.47	0.47

APPENDIX

(C) Purchases made entirely out of capital and held as treasury shares

	GROUP			COMPANY		
As at 31 March 2018	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**After Market Purchase S$'000**	**After Off-Market Purchase S$'000**
Share capital	78,940	78,940	78,940	294,506	294,506	294,506
Reserves	21,536	21,536	21,536	(108,461)	(108,461)	(108,461)
Treasury shares	-	(7,313)	(8,421)	-	(7,313)	(8,421)
Total Shareholders' equity[1]	100,476	93,163	92,055	186,045	178,732	177,624
NTA[2]	99,933	92,620	91,512	186,045	178,732	177,624
Current Assets	54,836	47,523	46,415	78,976	71,663	70,555
Current Liabilities	53,505	53,505	53,505	37,834	37,834	37,834
Total borrowings	11,463	11,463	11,463	-	-	-
Net profit attributable to Shareholders	(7,783)	(7,783)	(7,783)	4,725	4,725	4,725
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]	9.02	9.29	9.18	16.79	17.92	17.81
Gearing ratio (times) [4]	0.11	0.12	0.12	-	-	-
Current ratio (times) [5]	1.02	0.89	0.87	2.09	1.89	1.86
EPS (cents)	(0.70)	(0.78)	(0.78)	0.43	0.47	0.47

APPENDIX

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

As at 31 March 2018	GROUP Before Share Purchase S$'000	GROUP After Market Purchase S$'000	GROUP After Off-Market Purchase S$'000	COMPANY Before Share Purchase S$'000	COMPANY After Market Purchase S$'000	COMPANY After Off-Market Purchase S$'000
Share capital	78,940	78,940	78,940	294,506	294,506	294,506
Reserves	21,536	21,536	21,536	(108,461)	(108,461)	(108,461)
Treasury shares	-	(7,313)	(8,421)	-	(7,313)	(8,421)
Total Shareholders' equity[1]	100,476	93,163	92,055	186,045	178,732	177,624
NTA[2]	99,933	92,620	91,512	186,045	178,732	177,624
Current Assets	54,836	47,523	46,415	78,976	71,663	70,555
Current Liabilities	53,505	53,505	53,505	37,834	37,834	37,834
Total borrowings	11,463	11,463	11,463	-	-	-
Net profit attributable to Shareholders	(7,783)	(7,783)	(7,783)	4,725	4,725	4,725
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]	9.02	9.29	9.18	16.79	17.92	17.81
Gearing ratio (times) [4]	0.11	0.12	0.12	-	-	-
Current ratio (times) [5]	1.02	0.89	0.87	2.09	1.89	1.86
EPS (cents)	(0.70)	(0.78)	(0.78)	0.43	0.47	0.47

Notes:

(1) Total shareholders' equity exclude non-controlling interests.

(2) NTA refers to net assets less intangible assets.

(3) NTA per Share is computed based on the NTA (i.e., net assets less intangible assets) divided by the number of Shares issued.

(4) Gearing ratio equals to total borrowings divided by shareholders' equity.

(5) Current ratio equals to current assets divided by current liabilities.

APPENDIX

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 2018, and is not necessarily representative of future financial performance.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasise that they do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or results in the Company being delisted from the SGX-ST. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution.

2.9 **Catalist Rules**

The Catalist Rules specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8D to the Catalist Rules) must include the details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

The Catalist Rules does not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time or times. However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision of the Directors until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalist Rules.

In particular, the Company would not purchase or acquire any Share through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's full-year results and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results of the financial year.

APPENDIX

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 28.13% 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.

APPENDIX

Unless the contrary is established, the following persons will be presumed to be acting in concert:

(a) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund 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

APPENDIX

voting rights, if the voting rights of such Directors and the persons acting in concert with them would increase by more than 1% in any period of six months. In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such a Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases by the Company.

2.11.4 Concert Party Group

Ong Chih Ching and Leny Suparman, who are Directors of the Company, and Ong Siew Ting Geraldine, Jin Lu and Low Kheng Hong @ Lau Kheng Hong are considered to be parties acting in concert with KOP Group Pte. Ltd. (collectively, the "**Concert Party Group**").

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

Concert Party Group	**Direct Interest (No. of Shares)**	**Deemed Interest (No. of Shares)**	**Total Interest[6]**	
			No. of Shares	**%**
KOP Group Pte. Ltd.	-	428,571,428 [1]	428,571,428	38.68
Ong Chih Ching	1,100,000	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	-	20,308,938 [4]	20,308,938	1.83
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. pursuant to Section 7 of the Companies Act and 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. pursuant to 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 2,183,700 Shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd..

APPENDIX

(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 569,237,057 Shares, which is equivalent to 51.38% of the total voting rights of the Company. As their aggregated interest is more than 50% of the total voting rights of the Company, the Share Purchase Mandate, even if exercised in full, will not result in either of them incurring an obligation to make a general offer under Rule 14 and Appendix 2 of the Take-over Code.

Based on the above information and the Register of Directors' Shareholdings as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 110,796,221 Shares under the Share Purchase Mandate.

Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Substantial Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 110,796,221 Shares under the Share Purchase Mandate.

2.12 **Shares bought by the Company in the Past Twelve Months**

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

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders are set out below:

	Before Share Purchase				After Share Purchase
	Direct Interest	Deemed Interest	Total Interest(5)		Total Interest(6)
Directors	**(No. of Shares)**	**(No. of Shares)**	**No. of Shares**	**%**	**%**
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
Goi Kok Neng (Wei Guolong)	-	-	-	-	-
Lee Kiam Hwee	-	-	-	-	-
Ho Kah Leong @ Ho Kah Leung	-	-	-	-	-
Yu-Foo Yee Shoon	-	-	-	-	-
Ng Hin Lee	-	-	-	-	-

APPENDIX

Directors	Before Share Purchase				After Share Purchase
	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest[5] No. of Shares	%	Total Interest[6] %
Substantial Shareholders (other than the Directors)					
KOP Group Pte. Ltd.	-	428,571,428 [3]	428,571,428	38.68	42.98
Goi Seng Hui	227,091,843	-	227,091,843	20.50	22.77

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.

4. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company or to who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

APPENDIX

6. 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 2018.

Yours faithfully,
For and on behalf of the Board of Directors of
KOP LIMITED

Ong Chih Ching
Executive Chairman and Executive Director

This page has been intentionally left blank.

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			

as my/our proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Annual General Meeting ("**Meeting**") of the Company to be held at Jade 2 & 3, Orchid Country Club, 1 Orchid Club Road Singapore 769162 on Friday, 24 August 2018 at 2.00 p.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 2018		
2	Approval of additional Directors' fees amounting to S$7,704 for the financial year ended 31 March 2018		
3	Approval of Directors' fees amounting to S$157,000 for the financial year ending 31 March 2019, to be paid quarterly in arrears		
4	Re-election of Ms. Ong Chih Ching as a Director		
5	Re-election of Mr. Lee Kiam Hwee as a Director		
6	Re-election of Mr. Goi Kok Neng (Wei Guolong) as a Director		
7	Re-election of Mr. Ng Hin Lee as a Director		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors and authority to Directors to fix remuneration		
Special Business			
9	Authority to allot and issue new shares		
10	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 ____________________ 2018

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 8 August 2018.