KOP LIMITED

ANNUAL REPORT 2016

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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.

The Group's entertainment arm will endeavor to drive investments and partnerships with specialist companies that focus on providing venues as well as educational entertainment content including concerts, musicals, exhibitions and events.

Leveraging from 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 flavor and character to real estate. Through spearheading high-quality and innovative projects, with the objective to strengthen its market leadership ambitions, KOPL aims to generate growing returns for its shareholders and investors.

KOP Building

MESSAGE FROM THE EXECUTIVE CHAIRMAN

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present KOP Limited's ("KOPL" or the "Group") Annual Report for the financial year ended 31 March 2016 ("FY2016").

The last twelve months have been a difficult period both in the global as well as in the Singapore market. The slowdown in China's economy led to a slump in global commodity prices. Crude oil, which was trading at more than US$100 per barrel just two years ago, collapsed to below US$30 in March 2016. Across Asia, market volatilities were also seen in equity markets. Domestically, Singapore's economic growth slowed to a mere 2.1% in 2015, posting the weakest expansion since 2009[1], with the latest statistics from The Ministry of Trade and Industry Singapore expecting Singapore's gross domestic product to grow between 1.0% and 3.0% in 2016.[2]

All these have made it an extremely challenging environment for businesses to operate.

Thankfully, KOPL had been able to navigate the difficult circumstances. For FY2016, we have seen a 32% increase in revenue to S$24.5 million, up from S$18.6 million in the previous financial year ("FY2015"), driven by real estate development and investment, as well as the entertainment segment.

Real Estate

Our real estate division continues to be the anchor of our Group's business.

We experienced more than double in revenue from our Real Estate Development and Investment segment, as we began to hand over completed properties at Montigo Resorts in Nongsa, Batam.

Over the last financial year, we were cautious in our land banking effort in Singapore, in view that the industry is still undergoing consolidation phase, which prompted us to withholding in our bidding for new land. Management would look to build land bank at the right location at the appropriate time, and will seize the opportunities as they arise.

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1. *Singapore's economy grows 2.1% in 2015 – Today Online, January 4, 2016*
2. *MTI maintains 2016 GDP growth forecast at 1.0 to 3.0 per cent – Ministry of Trade and Industry Singapore, May 25, 2016*

The overarching consideration is to look for projects where we could add value and create points of differentiation that set us apart from the crowd. One example is our Indoor Winter Resort project in Shanghai. This will be a mixed-use development with commercial, lifestyle and residential components, and integrating Olympic-grade indoor winter sport facilities, which would be one of the largest in the world when it opens. The landmark project will provide year-round access to an indoor ski-park, aprés-ski areas, theatres, hotels and resorts, retail and an extensive variety of dining concepts.

MESSAGE FROM THE EXECUTIVE CHAIRMAN

Hospitality

During the financial year, we entered into an asset purchase agreement on 25 February 2016 for the sale of the business together with the assets of Cranley Hotel, London. The transactions was completed on 4 April 2016 and contributed a gain of approximately S$7 million in first quater of the financial year ended 31 March 2017.

Going forward, we would focus our efforts on growing the Montigo brand in Asia. Riding on the success of our Montigo Resorts, Nongsa in Batam, we soft opened the second Montigo Resorts in Seminyak, Bali in October 2015.

Just as in Nongsa, Montigo Resorts, Seminyak is catered towards multi-generational travellers offering different activities for various age and interest groups. Besides our in-house themed spa and concept restaurant being located just a stone-throw away from the most fashionable strip of boutiques, art galleries, restaurants and bars, Montigo Resorts, Seminyak is just a stroll away from Bali's popular Seminyak beach with its famed beach clubs and water sports facilities like parasailing, snorkeling and surfing. This means that there will surely be something for everyone.

Management would continue to seek opportunities to expand the Montigo brand to meet the growing trend of multi-generational travel with great value propositions.

Entertainment

We have repositioned our Entertainment segment after exiting from our legacy DVD business. I am pleased to report that the segment has turned profitable with our strategic focus of investing in movie rights. Among our more notable successes was 'Ip Man 3', which had been well received both critically as well as in the box office.

Going forward, the concentration for this segment would be on content creation. One of our initiatives is to collaborate with Singapore Repertory Theatre ("SRT"), Singapore's leading English theatre company, given their experience and expertise to develop content for the Asian market, after having successfully staged the critically acclaimed local musicals "Forbidden City: Portrait of an Empress" and "A Twist of Fate".

Moving ahead, we will also be looking at bringing shows and exhibitions to Singapore and the region.

Looking Forward

The outlook for the global economy continues to be filled with uncertainties and challenges. Slowing growth across most of the world is weighing down on both business and consumer sentiments. Under such an environment, management would be vigilant in ensuring that our existing operations are managed optimally, while looking out for strategic opportunities that may arise. Rest assured, however, that we will remain prudent and cautious in any investment or expansion undertaking.

With regards to Indonesia – which was our largest revenue contributor in FY2015 and FY2016 – we believe despite short-term headwinds from the deceleration in Gross Domestic Product ("GDP") growth, the country remains Southeast Asia's largest economy with a fast growing middle class. This should translate to continued business opportunities for KOPL, both on the Hospitality as well as in the Real Estate Development and Investment fronts.

Appreciation

Finally, I would like to extend my heartfelt gratitude to the Board of Directors who has provided their invaluable guidance and counsel to help the Group manage through these trying times. My thanks also go to the management and staff for their dedication and efforts in pulling together to ensure that KOPL emerge largely unscathed amidst the current volatility. To our clients, partners and business associates, our deepest appreciation for your unwavering support over the years.

Last but not least, to our valued shareholders who have journeyed with us in the last financial year, may I convey my sincere thanks for your vote of confidence in standing by us through the market turbulence. I am both grateful and humbled by your support, and we remain fully committed towards our pledge – "We Build Your Dreams".

Ms Ong Chih Ching
Executive Chairman and Executive Director

ONG CHIH CHING

Executive Chairman and Executive Director

LENY SUPARMAN

Group Chief Executive Officer and Executive Director

BOARD OF DIRECTORS

KO CHUAN AUN

President and Executive Director

LEE KIAM HWEE

Lead Independent Director

HO KAH LEONG

Independent Director

YU FOO-YEE SHOON

Independent 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.

Named as one of the 50 Power Business Women in Asia by Forbes Asia magazine 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 News Asia Luminary Awards where she also spoke about gender diversity and leadership at its forum in March 2015 titled Leadership for Innovation and Growth: Women on Board.

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 Winterland, Shanghai, an integrated winter-themed resort featuring an Olympic-grade indoor ski-slope and winter sports facility.

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.

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 conceptualizing 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 Ko Chuan Aun
President and Executive Director

Ko Chuan Aun is President and Executive Director of KOP Limited and oversees the Entertainment Business. Prior to the Reverse Takeover, Ko Chuan Aun was the Chief Executive Officer ("CEO") and Executive Director of Scorpio East Holdings Ltd. (now known as KOP Limited).

Ko Chuan Aun also holds chairmanships and directorships in various private and public listed companies. He was appointed as an Independent Director of Super Group Ltd, San Teh Ltd, KSH Holdings Limited, Koon Holdings Limited and Lian Beng Group Ltd.

Ko Chuan Aun has more than 15 years of work experience with the then Trade Development Board of Singapore ("TDB"), now known as the International Enterprise Singapore. His last appointment with TDB was Head of China Operations.

In the past 26 years, Ko Chuan Aun has been actively involved in business investments in the People's Republic of China. In 2001, he was appointed as a member of the Steering Committee for Network China.

Between 2003 to 2005, Ko Chuan Aun served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade & Investment Committee. Ko Chuan Aun holds a Diploma in Export Marketing, equivalent to the Danish Niels Brock International Business Degree Program.

BOARD OF DIRECTORS

Mr Lee Kiam Hwee
Lead Independent Director

Lee Kiam Hwee is the Lead Independent Director of the Company. He currently serves as an independent director of HTL International Holdings Limited and Marco Polo Marine Ltd (companies listed on the Main Board of the SGX-ST). From 2007 to 2013, he held appointments as independent director for several years in two other companies listed on the Main Board of the SGX-ST.

Lee Kiam Hwee has about 28 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 Vicom Ltd, 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.

Yu-Foo Yee Shoon was Minister of State for the Ministry of Community Development, Youth and Sports ("MCYS") from August 2004 to May 2011. From November 2001 to July 2004, she was Mayor of the Bukit Timah Community Development Council ("CDC") which subsequently expanded to become the South West CDC. From June 1999 to October 2001, Yu-Foo Yee Shoon was the Senior Parliamentary Secretary for the then Ministry of Community Development and Sports. She was an Elected Member of Parliament from 1984 to May 2011, before she retired from politics. Yu-Foo Yee Shoon is the longest serving woman in politics in Singapore.

She was the first woman to chair the NTUC Central Co-operative Fund Committee and was a founder of NTUC Childcare. She was also the Founder Chairman of ComCare and NTUC Foodfare.

Yu-Foo Yee Shoon chairs the Publicity and Outreach Committee for the Lee Kuan Yew Fund for Bilingualism. Her other directorships include Independent Non-Executive Director of Singapura Finance Ltd, Director of ARA Trust Management (Dynasty) Pte Ltd, and Honorary Chairman of Silkrouteasia Capital Partners Pte Ltd. Currently, Yu-Foo Yee Shoon is Advisor to Hyflux Ltd, Nuri Holdings (S) Pte Ltd, Global Yellow Pages Ltd, and Dimensions International College Pte Ltd. She graduated from Nanyang University with a Bachelor of Commerce and from Nanyang Technological University with a Masters Degree in Business. She was awarded the Honorary Doctorate of Education by Wheelock College of Boston, United States in 2008.

The Sand Park at Montigo Resorts, Nongsa

Prudential Tower

A joint venture with subsidiaries of Lian Beng Group Ltd., KSH Holdings Limited and Centurion Global Ltd., Prudential Tower is a 30-storey Grade A strata-titled office development. It is strategically located at the junction of Cecil Street and Church Street in the heart of Singapore's business and financial district, easily accessible from Raffles Place MRT Interchange and Telok Ayer MRT Stations.

30 Cecil Street
Singapore 049712

www.prudentialtower.com.sg


PRUDENTIAL
TOWER

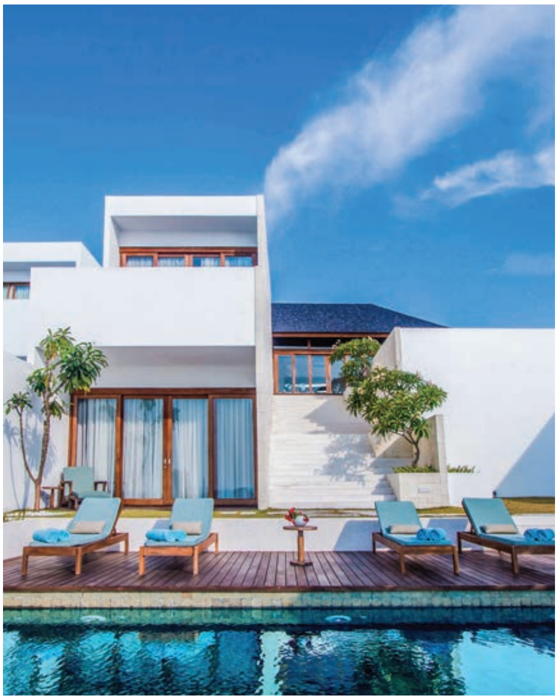

PRUDENTIAL
TOWER

Montigo Resorts, Nongsa

Just 30 minutes away by ferry from Singapore, Montigo Resorts, Nongsa is the brand's multiple award-winning flagship property located in Batam, Indonesia. Situated along a one-kilometre stretch of seafront, the five-star resort has one, two, three and four-bedroom villas available for resort stay and purchase. Resort facilities include a beach club, kid's club, watersport centre, spa and exceptional dining options.

Jl. Hang Lekir Nongsa
Batam, Indonesia

www.montigoresorts.com



Montigo Resorts, Seminyak

Montigo Resorts' second property, Montigo Resorts, Seminyak, introduces a new lifestyle resort concept in Bali, Indonesia. Located in the heart of the Seminyak district and a short stroll away to the beach, Montigo Resorts, Seminyak, offers beautifully decorated, expansive rooms and suites, featuring a comfortable, contemporary design, and adorned with fun, quintessentially Montigo elements. Facilities include a brand new interactive-dining restaurant, a poolside cocktail lounge bar, swimming pools, a spa and a kid's club.

Jalan Petitenget, Seminyak,
Kerobokan Kelod, Kuta - Badung,
Bali 80361 Indonesia

www.montigoresorts.com

M I L E S

1999 Koh, Ong & Partners Management Services Pte. Ltd. was founded by Ong Chih Ching

2005 Leny Suparman joins Koh, Ong & Partners Management Services Pte. Ltd. as Director of Real Estate

2006 KOP Group Pte. Ltd. ("KOPG", formerly known as KOP Capital) was founded

2007 Sites for The Ritz-Carlton Residences, Singapore, Cairnhill and Hamilton Scotts in Singapore were acquired by KOPG

KOPG commenced project planning and development of 51 Scotts Road, Singapore, its first commercial project

KOPG commenced project planning and development of 158 Cecil Street, Singapore (formerly known as Dapenso Building)

2008 KOP Properties Pte. Ltd. ("KOP Properties") was founded

Site for Montigo Resorts, Nongsa in Batam, Indonesia was acquired

2009 KOPG acquires Franklyn Hotels and Resorts, Luxury Lifestyle Hotels & Resorts and LUX Magazine

KOPG restructured its hospitality business and relocated its headquarters from Europe to Singapore

2011 KOPG acquired an interest in 10 Trinity Square, London, United Kingdom

Montigo Resorts, Nongsa was awarded *"Best Villa Development (Indonesia)"* at the *South East Asia Property Awards* 2011

The Ritz-Carlton Residences obtained Temporary Occupation Permit (TOP)

T O N E S

2012

Montigo Resorts, Nongsa was awarded *"Best Leisure Development (Indonesia)"* at the *International Property Awards* (Asia Pacific 2012 – 2013)

Hamilton Scotts was awarded *"Best Residential High Rise Development (Singapore)"* and *"Highly Commended High-Rise Architecture (Singapore)"* at the *International Property Awards* (Asia Pacific 2012 – 2013)

The Ritz-Carlton Residences was awarded *"Best Condo Development (Singapore)"* at the South East Asia Property Awards 2012

KOPG divested its interest in 10 Trinity Square, London, United Kingdom

KOPG acquired Cranley Hotel, London, United Kingdom

Hamilton Scotts obtained Temporary Occupation Permit (TOP)

KOP Properties took over the hospitality business of Cranley Hotel from KOPG

KOP Properties was awarded *"Most Promising Brand 2012"* at the *Singapore Prestige Brand Awards* 2012, jointly organised by the Association of Small and Medium Enterprises and Lianhe Zaobao

2013

The Ritz-Carlton Residences is awarded the *"Construction Excellence Award"* by the Building and Construction Authority of Singapore

KOP Properties acquired the Semara Resort and Spa in Seminyak, Bali, Indonesia, to be renovated and reopened as Montigo Resorts, Seminyak

KOP Properties divested its interest in Hamilton Scotts

KOPG announces partnership with the Pinacothèque de Paris to open the Singapore Pinacothèque de Paris at the Fort Canning Centre Singapore in 2015, the Company's first foray in Museums and the Retail Property business

Montigo Resorts, Nongsa received the *TripAdvisor "Award of Excellence"*

MILESTONES

Montigo Resorts, Nongsa received an Honourable Mention at the *Gold Key Awards* for Excellence in Hospitality Design by Hotels Magazine

KOP Properties announced its plans for Northern Light Shanghai, a mixed-use development comprising residential, commercial and entertainment components anchored by Winterland, the world's largest integrated indoor winter resort

2014

Company commences trading on the Catalist of the SGX-ST as KOP Limited on 14 May 2014

KOP Limited led a consortium consisting subsidaries of Lian Beng Group Ltd., KSH Holdings Limited, and Centurion Global Ltd. to acquire a 92.8% interest in Prudential Tower for S$512 million

Redemption of 2013 Junior Notes in Royce Properties Pte. Ltd.

KOP Properties was awarded *"Established Brands 2014"* at the *Singapore Prestige Brand Awards* 2014, jointly organised by the Association of Small and Medium Enterprises and Lianhe Zaobao

2015

KOP Limited announced plans for the opening of Montigo Resorts, Seminyak

Singapore Pinacothèque de Paris opens at the Fort Canning Centre

Montigo Resorts, Nongsa featured *Luxury Sea View Resort of the Year* by *Luxury Travel Guide*

Cranley Hotel, London received the *TripAdvisor "Certificate of Excellence - Hall of fame"*

Montigo Resorts, Seminyak soft opens October 2015

2016

KOP Limited announced the divestment of Cranley Hotel, London

Montigo Resorts, Nongsa awarded *"World Luxury Spa Award 2016"* at the *World Luxury Hotel Awards*

Three-bedroom Villa Cabana, Montigo Resorts, Nongsa

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 Phillips 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 Dalip Singh

Managing Director - KOP Properties Pte. Ltd.

Chief Executive Officer - Montigo Resorts Pte. Ltd.

Dalip Singh is the Managing Director of KOP Properties Pte. Ltd. and Chief Executive Officer of Montigo Resorts Pte.Ltd.. He was previously Senior Vice President and Head of Hospitality segment. Before joining KOP, Dalip was General Manager of the award winning Pangkor Laut Resort, in Malaysia.

Dalip also previously held leadership positions in luxury properties such as the Shangri-La and Grand Hyatt in Singapore, Dusit Residences Dubai Marina as General Manager, and the 608-room The Ritz-Carlton, Millenia Singapore as Executive Assistant Manager, where under his leadership, the hotel was recognised by the Singapore Tourism Board with the Best Accommodation Experience in 2004 and 2005. While with The Ritz-Carlton, Dalip was in the group's Rooms Division Advisory Board representing hotels in Singapore, Malaysia and Indonesia. He has also lent his expertise in the pre-opening of the Bulgari Resort in Bali and The Ritz-Carlton, Beijing, Financial Street.

During his career spanning more than 15 years, Dalip has also won various personal awards such as J.W. Marriott award of Excellence 2005, Singapore Institute of Management Gold Medal Award 2003 and Young Executive of the Year Award – Rotary Club of Singapore, 1999. Dalip's operational roles have included covering events such as the International Monetary Fund World Bank meeting, International Olympic Council meeting in Singapore and various other high profile events.

THE MANAGEMENT

Ms Lily Foo

Chief Financial Officer - KOP Limited

Lily Foo is the Chief Financial Officer of the Company with responsibility for the overall financial management of the Group. She has more than 20 years' working experience in various finance and accounting positions.

Prior to joining KOP Properties Pte. Ltd. in November 2010, she was the Chief Financial Officer of Pacific Healthcare Holdings Ltd, a company which she joined in 2007 and which is listed on the Main Board of the SGX-ST.

She started her professional career in audit with Deloitte & Touche, from May 1988 to August 1994. She then spent the subsequent 6 years with The Hour Glass Limited, a company listed on the Main Board of the SGX-ST, in various capacities as Finance Manager and Group Accountant. She left The Hour Glass Limited in May 2000 to pursue a six-year career with Boustead Projects Pte Ltd where she was involved in the financial management of the various industrial real estate projects undertaken by the company. She graduated with a Bachelor of Accountancy (Honours) from the National University of Singapore in 1988 and is a fellow member of the Institute of Singapore Chartered Accountants. She is also a member of the Singapore Institute of Directors.

Mr Joe Tan

Financial Controller - KOP Limited

Joe Tan is the Group's Financial Controller and is responsible for the entire spectrum of its financial activities. He joined the Group in November 2014 as Group Finance Manager and was promoted to Financial Controller in June 2016.

Prior to joining KOP Limited, Joe Tan was the Group Finance Manager of GKE Corporation Limited, a company listed on the Catalist of the Singapore Exchange Securities Trading Limited.

He also held various audit related positions in Ernst & Young LLP, Baker Tilly TFW LLP and Mazars, Praxity. Joe Tan graduated with a Bachelor of Commerce Double Major in Professional Accounting and Finance from Murdoch University, Australia. He is a non-practicing member of the Institute of Singapore Chartered Accountants and member of CPA Australia.

COMPANY STRUCTURE

KOP Limited

- 100% KOP Properties Pte. Ltd.
  - 20% Art Heritage Singapore Pte. Ltd.
  - 51% KOP Properties (HK) Limited
    - 100% KOP Management Services (Shanghai) Co., Ltd.
  - 100% Montigo Nongsa Pte. Ltd.
    - 1% P.T. Teguh Cipta Pratama
  - 99% P.T. Teguh Cipta Pratama
  - 85% The Cranley Hotel (IOM) Limited
    - 100% CHL Hotel Limited *(formerly known as Cranley Hotel Limited)*
      - 100% Cranley Real Estate Limited
  - 100% KOP Properties Ltd
  - 100% Montigo Resorts Pte. Ltd. *(formerly known as KOP Hospitality Pte. Ltd.)*
    - 100% KOP Luxury Lifestyles Pte. Ltd.
    - 100% Franklyn Hotels & Resorts (Europe) Limited
    - 1% P.T. Montigo Seminyak
  - 100% Gramercy Properties Pte. Ltd.
    - 99% P.T. Montigo Seminyak
  - 100% KOP Cecil Pte. Ltd.
    - 25% Epic Land Pte. Ltd.
  - 100% KOP Properties Shanghai Operation and Management Pte. Ltd.
    - 85% KOP Winterland Pte. Ltd.
      - 100% KOP Winterland Operation and Management (Shanghai) Co., Ltd.
    - 100% KOP Northern Lights Pte. Ltd.
    - 100% KOP Properties Operation and Management (Shanghai) Co., Ltd.

- 100% Scorpio East Entertainment Pte. Ltd.
  - 100% Scorpio East Multimedia Pte. Ltd.
    - 100% Scorpio East Pictures Pte. Ltd.
      - 51% Scorpio East Pictures Sdn. Bhd.
      - 100% Scorpio East Picutres (H.K.) Limited
      - 100% Scorpio East Leisure Pte. Ltd.
      - 52.63% Scorpio East Productions Pte. Ltd.
      - 100% Scorpio East Properties Pte. Ltd.
      - 100% KOP Entertainment Pte. Ltd.

BUSINESS REVIEW

The financial year ended 31 March 2016 ("FY2016") was a busy year for us as we continued to focus on the execution of our projects and strategies, amidst the challenging and volatile operating environment.

The Group's revenue grew 31.7% to S$24.5 million in FY2016 from S$18.6 million in FY2015, mainly lifted by revenue recognition from handover of completed properties of Montigo Resorts, Nongsa, which boosted the performance of the real estate development and investment segment.

The entertainment segment also recorded a rise in revenue due to assignment of distribution rights in the fourth quarter. This also led to an overall 24.4% increase in the Group's gross profit to S$9.7 million in FY2016 from S$7.8 million in the preceding financial year.

The Group's other operating income increased 43.2% to S$5.3 million due to interest income generated from shareholders' loan to our associated company, Epic Land Pte. Ltd. that owns the Grade-A office building Prudential Tower in Raffles Place, and long-term notes receivable subscribed in December 2014.

Prudential Tower continues to contribute healthy recurring profit to the Group and the consortium will continue to monitor the market closely to progressively sell the units only when the price is right. This resulted in an increase in the share of results from investments in associated companies to S$5.6 million in FY2016 from S$1.1 million in FY 2015.

Despite stronger operating performance, the Group reported a 97.6% decrease in profit attributable to shareholders of S$0.3 million in FY2016 compared to S$12.6 million in the preceding year due to the absence of a S$43.0 million one-off gain on redemption of 2013 Junior Notes which was partially offset by the goodwill written off of S$18 million.

Accordingly, the Group's earnings per share decreased to 0.04 Singapore cent per share as at 31 March 2016, compared to 1.45 Singapore cents a year ago, while net asset value per share slipped slightly to 10.51 Singapore cents from 10.53 Singapore cents across the comparable periods.

Real Estate Development & Investment

Our real estate business continues to be a key contributor to the Group's performance, constituting 31.2% of our total revenue this year. The segment's revenue increased more than doubled to S$7.6 million this financial year compared to S$3.0 million in FY2015. The segment reported profit of S$5.7 million in FY2016, compared to S$40.1 million last year that included a S$43 million gain on redemption of 2013 Junior Notes.

Prices of private residential properties decreased an overall 0.7% in 1Q2016, according to latest statistics from the Urban Redevelopment Authority, compared to a 0.5% decline in the preceding quarter. Number of units sold across the same comparative periods also decreased 11.5%.[1] The office sector also saw a 0.3% decrease in prices, a steeper decline from a 0.1% dip in the preceding quarter, while vacancy rate improved 0.3% percentage points to 9.2%, despite a 1.6% rise in pipeline supply.

Although the Singapore property market continues to remain tepid, impacted by several rounds of government cooling measures, we are pleased that our investment in Prudential Tower has continued to contribute strong recurring profit, while we look to uncover opportunities to prudently replenish our land bank in Singapore.

Meanwhile, our risks are diversified geographically through our assets in other markets – Montigo Resorts, Nongsa and Montigo Resorts, Seminyak in Indonesia, as well as a large-scale landmark project, Indoor Winter Resort in Shanghai, People's Republic of China.

We've so far sold 77 units at Montigo Resorts, Nongsa, progressively handing over the completed units to the new proud owners of our award-winning villas. One-bedroom villas and premium three, four-bedroom villas will also be completed by end 2016.

The mixed-use development, Indoor Winter Resort project in Shanghai, comprising commercial, lifestyle and residential components, is expected to complete by end-2019. The project, with its unique features and differentiators coupled with its strategic location in China's most metropolitan global city, is poised to capitalise and add on to an expected surge in tourism boosted by the launch of Shanghai Disneyland, the National Exhibition and Convention Centre and Shanghai Tower this year.[2]

1. *Release of 1st Quarter 2016 real estate statistics – Urban Redevelopment Authority, April 22, 2016*
2. *How Micky's magic wand will trump China's slowdown – South China Morning Post, March 11, 2016 Booming MICE sector in Shanghai and Hainan, Shanghai Daily, March 21, 2016*

BUSINESS REVIEW

Hospitality

Montigo Resorts in Nongsa, Batam, and Seminyak, Bali, have contributed the bulk of the Group's revenue. The hospitality segment reported revenue of S$12.5 million, or 51.3% of the Group's revenue in FY2016, compared to S$12.2 million in the preceding financial year.

Being a very young brand, we've continued to strengthen our Montigo Resorts brand awareness through various marketing campaigns to ensure top-of-mind recall for our target consumer groups. Merely four years since the launch of our first Montigo Resorts asset in the exclusive north-east shore of Batam island, we have quickly established ourselves as a choice multi-generational resort in the region, endorsed by the many awards it has won over the years such as the 2011 and 2013 South East Asia Property Awards, International Property Awards Asia Pacific, 2013 Gold Circle Awards by Agoda.com and World Luxury Spa Award 2016.

Building upon the success of Montigo Resorts, Nongsa, we are replicating the business model in our second property under our self-managed hospitality brand in Bali with our Montigo Resorts, Seminyak, located in the vibrant Jalan Petitenget district. The 108-room resort will also feature amenities that appeal to all ages, an interactive dining restaurant, a poolside cocktail lounge bar – all that Montigo Resorts is known for.

Despite refurbishment works being carried out at Montigo Resorts, Seminyak, we've continued to receive positive feedback from guests ahead of the resort's expected completion of its full suite of amenities and services by August this year. We believe the resort will be well-received by guests and travellers.

The resort is also well-positioned to capitalise on Bali's favourable tourism outlook driven by the visa waiver policy, and a boost in Indonesia's annual tourism marketing budget to one trillion Rupiah, coupled with the sustained weakening of the Indonesian currency.[3]

Subsequent to the financial year end, we divested Cranley Hotel, London for a gain of approximately S$7 million to be recognised in the first quarter of FY2017.

While we look forward to the launch of our second self-managed hospitality asset, we will continue to explore opportunities to expand the footprint of our Montigo brand franchise for business sustainability.

Entertainment

The legacy Entertainment business segment contributed S$3.8 million, or 15.6%, to the Group's FY2016 revenue, compared to a S$2.3 million contribution last financial year. We've successfully repositioned the segment to invest in movie rights after exiting from our legacy DVD business, the effectiveness of which can be seen in the turnaround in the segment's profit.

While we continue to seek other high-yield movie rights to invest in, following the success of 'Ip Man 3' this financial year, we are increasingly moving towards content creation – such as an impending collaboration with the Singapore Repertory Theatre ("SRT"), Singapore's leading English theatre company with the added possibility of importing European theatre or 'live' shows to Singapore and the region.

The experience gained from such collaborations will come in handy for our Indoor Winter Resort project in Shanghai, which we intend to inject elements of entertainment to elevate the value propositions of the integrated lifestyle development.

In closing, the management has a clear vision for the Group, and we are working tirelessly to build a strong foundation for our young company to grow rapidly.

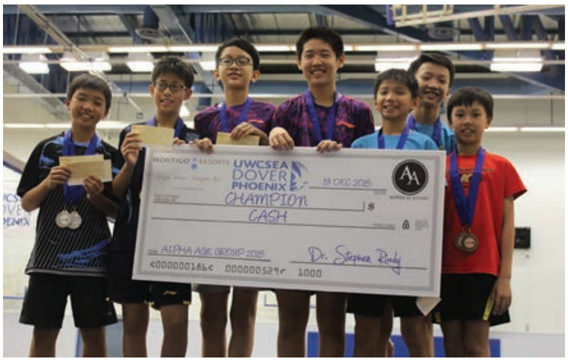
3. Hotel Destinations Asia Pacific – JLL Hotels & Hospitality Group, March 2016

CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible company, KOP Limited ("KOPL") believes in the continuous engagement of and contribution to various segments of the community. The diverse mix of community causes that KOPL champions is a strong testament to our steadfast commitment in effecting positive change.

Sports

KOPL values the importance of giving back to the community in which we do business and build our success upon strong foundations. 2015 saw KOPL supporting the Alpha Age Group Badminton Championship 2015, a local sporting event through a cash sponsorship aiming towards encouraging and motivating young athletes and inculcating the right values during their youth development years.



Gender Equality

KOPL believes that regardless of gender, both men and women should have equal rights, opportunities and access to education, marriage and employment, and we advocate this through our own company policies. We support the Association of Women for Action and Research (AWARE), a relationship we have built since 2010. AWARE endeavors to remove all gender-based barriers in Singapore, and our financial contributions support their research and advocacy, education and training and support services. In this vein, KOPL also contributed to the 2015 Big Birthday Ball, and annual fundraising event organised by AWARE.

The Spirit of Giving

In addition to pledging our support to the causes above, we continue to strive and give back to the community in a sustainable manner and share the fruits of our success with the less fortunate. We also make regular donations to other charities, outside of the Sports and Gender Equality causes, which inspire, advance, and help the community.

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Congratulates
KOP LIMITED
on your achievement as a
SINGAPORE 1000 COMPANY
Public Listed Companies 2016
JEFF PRICE
LINCOLN TEO
Ranking Body & Publisher
DP INFORMATION GROUP
agoda.com
2015 gold circle award
Montigo Resorts Nongsa
LuxuryTravelGuide
Montigo Resort Nongsa
Luxury Sea View Resort of the Year
Batam

AWARDS AND ACCOLADES

2015 - 2016

KOP Limited

- Singapore 1000 Company - Public Listed Companies 2016

Cranley Hotel

- ThreeBestRated Certificate of Excellence – Kensington, London – Top 3 Hotels 2015, Cranley Hotel
- TripAdvisor Certificate of Excellence – Hall of Fame 2015, Cranley Hotel

Montigo Resorts, Nongsa

- Agoda Gold Circle Award 2015
- Luxury Travel Guide - Luxury Sea View Resort of the Year 2015, Montigo Resorts, Nongsa
- World Luxury Spa Awards 2016, Montigo Resorts, Nongsa

Montigo Resorts, Nongsa

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Chih Ching
Executive Chairman and Executive Director

Leny Suparman
Group Chief Executive Officer
and Executive Director

Ko Chuan Aun
President and Executive Director

Lee Kiam Hwee
Lead Independent Director

Dr Ho Kah Leong @ Ho Kah Leung
Independent Director

Yu-Foo Yee Shoon
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

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

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

COMPANY SECRETARY

Shirley Tan Sey Liy (ACIS)

SPONSOR

Hong Leong Finance Limited
16 Raffles Quay,
#01-05 Hong Leong Building,
Singapore 048581

REGISTERED OFFICE

25 Tai Seng Avenue
#06-01 KOP Building
Singapore 534104

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

RHT Corporate Advisory Pte. Ltd.
Six Battery Road
#10-01
Singapore 049909

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

PARTNER-IN-CHARGE

Rankin Brandt Yeo
(a member of the Institute of Singapore Chartered Accountants)
(First appointed in respect of the financial year ended 30 April 2012)

PRINCIPAL BANKERS

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

PT Bank CIMB Niaga Tbk
Graha CIMB Niaga Lt. 11
Jl. Jend. Sudirman Kav. 58
Jakarta 12190
Indonesia

INVESTOR RELATIONS

Citigate Dewe Rogerson i.MAGE
55 Market Street
#02-01
Singapore 048941

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") and management (the "**Management**") of KOP Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") are committed to maintaining 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 (the "**Code**") and the Disclosure Guide on Compliance with the Code developed by the Singapore Exchange Securities Trading Limited (the "**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 2016 ("**FY2016**"), except where otherwise stated.

For ease of reference, the relevant provision of the Code under discussion is identified in bold. However, other sections of this Report may also have an impact on the disclosures as this Report is meant to be read as a whole, instead of being compartmentalised under the different principles of the Code.

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;

REPORT OF CORPORATE GOVERNANCE

- 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 act in good faith, provide insights and consider at all times, the interests of the Company.

All other matters are delegated to various committees (the "**Board Committees**") whose actions will be monitored by the Board. These committees include the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), and each of the ARC, NC and RC operates within clearly defined terms of reference and functional procedures. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

In line with the recent changes of the Companies Act, Chapter 50, all references to the Memorandum and Articles of Association are superseded with Constitution and Regulations.

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.

The number of Board and Board Committees meetings held during FY2016 and the attendance of each Director where relevant are as follows:–

Name of Directors	Board		ARC		RC		NC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ms. Ong Chih Ching	4	4	4	4^	2	2^	1	1^
Ms. Leny Suparman	4	4	4	4^	2	2^	1	1^
Mr. Ko Chuan Aun	4	4	4	4^	2	2^	1	1^
Mr. Lee Kiam Hwee	4	4	4	4	2	2	1	1
Dr. Ho Kah Leong @ Ho Kah Leung	4	4	4	4	2	2	1	1
Mrs. Yu-Foo Yee Shoon	4	4	4	4	2	2	1	1

Note:
^ *Attendance by invitation.*

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 are 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 reading materials to help them familiarise 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 three Independent Directors as follows:–

Name of Directors	Board	ARC	NC	RC
Ms. Ong Chih Ching	Executive Director and Executive Chairman	–	–	–
Ms. Leny Suparman	Executive Director and Group CEO	–	–	–
Mr. Ko Chuan Aun	Executive Director and President	–	–	–
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

As the Independent Directors make up at least fifty percent of the Board during all material times, there is a strong independent element on the Board, thereby allowing it to exercise objective judgment on corporate affairs 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 NC is of the view that the Independent Directors, namely Mr. Lee Kiam Hwee, Dr. Ho Kah Leong @ Ho Kah Leung and Mrs. Yu-Foo Yee Shoon are independent of the Management.

None of the Independent Directors have served on the Board beyond nine years from their respective date of first appointment.

REPORT OF CORPORATE GOVERNANCE

The Board comprises businessmen and includes professionals with financial, accounting and legal backgrounds. Profiles of the Directors are set out in the "**Board of Directors**" section of this annual report. The NC is of the view that the Board consists of persons who, as a group, provide core competencies such as business and management experience, industry knowledge, legal expertise, financial and strategic planning experience and knowledge that are necessary to meet the Company's objectives. In addition, it is of the view that the current Board size of six 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 Non-Executive 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 Non-Executive Directors and Independent Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

It is the Company's practice to keep the roles of the Chairman and Group CEO separate. By doing so, there is a clear division of responsibilities between the Chairman and the Group CEO, which will ensure a balance of power and authority, such that no individual or small group of individuals represents a considerable concentration of power. Keeping the two roles separate will also ensure increased accountability and greater capacity of the Board for decision-making.

The Group CEO and Executive Director, Ms. Leny Suparman, is responsible for the overall implementation and management of the Group's operations, business strategies and direction and corporate plans and policies.

REPORT OF CORPORATE GOVERNANCE

Ms. Ong Chih Ching, the Executive Chairman and Executive Director, is primarily responsible for the effective workings of the Board. Other responsibilities of the Executive Chairman include:

1. scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;

2. setting meeting agendas in consultation with the Board;

3. promote a culture of openness and debate at the Board;

4. ensuring that Board members receive complete, adequate and timely information;

5. ensuring effective communication with shareholders;

6. encourage constructive relations within the Board and between the Board and Management;

7. facilitate the effective contribution of non-executive directors;

8. promote high standards of corporate governance for the Group; and

9. 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 where they have concerns and for which contact through the normal channels of the Executive Chairman or Chief Financial Officer ("**CFO**") 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.

REPORT OF CORPORATE GOVERNANCE

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 three 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)

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);

- 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 107 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 (the "**AGM**") and Regulation 112 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 109. 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 117 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.

REPORT OF CORPORATE GOVERNANCE

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 and Mr. Lee Kiam Hwee at the forthcoming AGM. The Board had accepted the NC's recommendation.

Dr. Ho Kah Leong @ Ho Kah Leung, who is over 70 years of age was re-appointed as Director to hold office from the date of the last AGM held on 29 July 2015 until the forthcoming AGM pursuant to Section 153(6) of the Companies Act, Chapter 50. The Section 153(6) of the Companies Act, Chapter 50 was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As his appointment will lapse at the forthcoming AGM, Dr. Ho Kah Leong @ Ho Kah Leung will have to be re-appointed to continue in office. Upon his reappointment at the conclusion of the forthcoming AGM, going forward, Dr. Ho Kah Leong @ Ho Kah Leung's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Chapter 50 as repealed. Dr. Ho Kah Leong @ Ho Kah Leung will then be subject to retirement by rotation under the Company's Constitution. Dr. Ho Kah Leong @ Ho Kah Leung will submit himself for re-appointment at the forthcoming AGM.

Mr. Lee Kiam Hwee and Dr. Ho Kah Leong @ Ho Kah Leung, being a member of the NC, who are retiring at the AGM abstained from voting on the resolution in respect of their re-nomination and re-appointment as a Director respectively.

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	47	Executive Director and Executive Chairman	6 May 2014	28 August 2014	None	None
Ms. Leny Suparman	42	Executive Director and Group CEO	6 May 2014	28 August 2014	None	None
Mr. Ko Chuan Aun	59	Executive Director and President	15 August 2007	29 July 2015	• Super Group Ltd • San Teh Ltd • Koon Holdings Limited • KSH Holdings Limited • Lian Beng Group Ltd	• Brothers (Holdings) Limited

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	60	Lead Independent Director	6 May 2014	28 August 2014	• HTL International Holdings Limited • Marco Polo Marine Ltd.	• Ausgroup Limited • Pacific Healthcare Holdings Ltd
Dr. Ho Kah Leong @ Ho Kah Leung	79	Independent Director	28 August 2012	29 July 2015	• Vicom Ltd • Fuxing China Group Limited	• Brothers (Holdings) Limited • Superbowl Holdings Ltd
Mrs. Yu-Foo Yee Shoon	66	Independent Director	6 May 2014	29 July 2015	• Singapura Finance 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:

1. identifies the competencies required to enable the Board to fulfil its responsibilities;

2. 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;

3. 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

4. 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 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 strengthening the effectiveness of the Board as a whole. The criteria for assessment include 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 and the conduct of its affairs as a whole for FY2016, is of the view that the performance of the Board as a whole 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.

The NC has recommended the adoption of the formal annual evaluation form for the Board Committees to further enhance the effectiveness of the Board Committees. The Board has accepted the NC's recommendation and the formal annual evaluation form for the Board Committees would be adopted with effect from financial year ending 31 March 2017.

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.

REPORT OF CORPORATE GOVERNANCE

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.

The Company Secretary 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 Board in ensuring that proper procedures at such meetings are followed 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 three directors, all of whom, including the Chairman, are independent:–

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

REPORT OF CORPORATE GOVERNANCE

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 FY2016.

In reviewing the service agreements of the Executive Directors and 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 Non-Executive 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 Non-Executive 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 maximize shareholders' value.

The Company has entered into a service agreement with Ms. Ong Chih Ching, Ms. Leny Suparman and Mr. Ko Chuan Aun. The service agreement is for a period of three (3) years commencing 6 May 2014.

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.

REPORT OF CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

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

Executive Directors do not receive Directors' fees and are remunerated as members of the Management. Their remuneration package comprises a basic salary component and a variable component which is tied to the performance of the Group as a whole and their individual performance.

The Company is of the view that disclosure of the remuneration details of each director and key management personnel in the manner recommended by the Code will be detrimental to the Company's interests, given the confidential and commercial sensitivities associated with remuneration matter and the highly competitive human resource environment in which the Group operates. Instead, the level and mix of the annual remuneration of the Directors in remuneration bands of S$250,000 and the level of remuneration of the Group's top 4 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 FY2016 are set out as follows:–

Name of Director	Fees* %	Salary# %	Bonus %	Other Benefits %	Total %
S$500,000 and above					
Ms. Ong Chih Ching	–	92	8	–	100
Ms. Leny Suparman	–	93	7	–	100
S$250,000 to below S$500,000					
Mr. Ko Chuan Aun	–	93	7	–	100
Below S$250,000					
Mr. Lee Kiam Hwee	100	–	–	–	100
Dr. Ho Kah Leong @ Ho Kah Leung	100	–	–	–	100
Mrs. Yu-Foo Yee Shoon	100	–	–	–	100

Notes:

* *These fees were approved by the shareholders at the AGM held on 29 July 2015.*

\# *Salary is inclusive of fixed allowance and CPF contributions.*

REPORT OF CORPORATE GOVERNANCE

For FY2016, the Group has identified 4 key management personnel. The details and the level of remuneration of the Group's top 4 key management personnel (who are not directors) for FY2016 is set out as follows:–

Top 4 key management personnel	Position
Ms. Lily Foo	Chief Financial Officer of KOP Limited
Ms. Joey Ong[(1)]	Chief Operating Officer of KOP Properties Pte. Ltd.
Mr. Dalip Singh	Managing Director of KOP Properties Pte. Ltd.
Mr. Anton Kilayko	Director of Marketing of KOP Properties Pte. Ltd.

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 FY2016.

Remunerations bands	No. of top 4 key management personnel
S$500,000 and above	–
S$250,000 to below S$500,000	2
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 CEO) for FY2016 is S$1,759,870 and S$1,030,870, respectively.

For FY2016, 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 substantial shareholders for FY2016 are set out below:

Name of Immediate Family Member	Salary[#] %	Bonus %	Other Benefits %	Total %
S$250,000 to below S$300,000				
Ms. Joey Ong	93	7	–	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 CEO whose remuneration in FY2016 exceeded $50,000.

REPORT OF CORPORATE GOVERNANCE

3. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Company has taken efforts to comply with the Catalist Rules on the disclosure requirements of material information. The Board is mindful of the obligation to provide shareholders of 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. This responsibility extends to reports to regulators. In accordance with the Catalist Rules, the Board issued negative assurance statements in its quarterly financial results announcement, confirming that to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The Board 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.

REPORT OF CORPORATE GOVERNANCE

Management frequently 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 CFO 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 FY2016 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 FY2016.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit 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 three 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. Lee Kiam Hwee, the Lead Independent Director of the Company, currently chairs the ARC. The ARC met 4 times in FY2016. It performs the following functions:–

- reviews announcements of the Group's quarterly and full year results;
- reviews the audit plans and reports of the external auditors and to consider the effectiveness of the actions taken by the Management on the external auditors' recommendations;
- appraises and reports to the Board on the audits undertaken by the external auditors, the adequacy of disclosure of information;

REPORT OF CORPORATE GOVERNANCE

- reviews the adequacy of the Group's internal financial, operational and compliance controls, and risk management policies and systems established by the Management;
- reviews the assistance and co-operation given by the Management to the external auditors;
- discusses problems and concerns, if any, arising from the interim and final audits;
- nominates external auditors for re-appointment;
- reviews interested person transactions, as defined in the Catalist Rules; and
- reviews the effectiveness of the Company's internal audit function and considers the appointment and re-appointment of the internal auditors.

The Board is of the view that the 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**" ("**Guidance**") which aims to facilitate the ARC in evaluating the external auditors. Accordingly, the ARC had evaluated the performance of the external auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the 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 FY2016, 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$181,000.

The ARC recommends to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditors and approving the remuneration of the external auditors. The ARC has recommended to the Board that Deloitte & Touche LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM.

REPORT OF CORPORATE GOVERNANCE

The ARC also meets with the external auditors and internal auditors at least once a year, without the presence of the Management, to review the Management's level of cooperation and other matters that warrants the ARC's attention. The ARC has met with the external auditors and the internal auditors without the presence of the Management during FY2016.

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 FY2016.

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 auditing firm has acted as a member of the ARC.

INTERNAL AUDIT

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

The Company has outsourced the internal audit function to a qualified public accounting firm (the "**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 internal audit is performed in accordance with KPMG's Internal Audit Methodology which is aligned with the International Professional Practices Framework of The Institute of Internal Auditors.

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 FY2016 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.

REPORT OF CORPORATE GOVERNANCE

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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

In line with the continuous obligations of the Company under the Catalist Rules and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's current Constitution does not include the nominee and custodial services to appoint more than two proxies.

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;

REPORT OF CORPORATE GOVERNANCE

- 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's website at which the shareholders can access financial information, corporate announcements, press releases, Annual Reports and profile of the Group.

The Company does not practise selective disclosure. Price sensitive information is first publicly released through SGXNet, either 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 FY2016 as the Company has deemed it more appropriate to retain the cash in the Group for its future growth.

CONDUCT OF SHAREHOLDER MEETINGS

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

The Company's AGMs are the principal forums for dialogue with shareholders. Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay 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 AGM. The chairman of the ARC, RC and NC will be present at these meetings to answer questions relating to matters that are overseen by these Board Committees. The external auditors will also be present to assist the Directors in addressing any queries that shareholders may have.

REPORT OF CORPORATE GOVERNANCE

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. 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.

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.

REPORT OF CORPORATE GOVERNANCE

The interested person transactions during FY2016 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.		
Commission income	330	–
Interest income	3,009	–
Scotts Spazio Pte. Ltd.		
Management fee income	313	–
Cocoa Colony Food & Beverage Management (Shanghai) Co., Ltd.		
Management consulting fee expense	573	–

7. NON-SPONSOR FEE

The Company is currently under the SGX-ST Catalist sponsor-supervised regime and the continuing sponsor of the Company is Hong Leong Finance Limited (the "**Sponsor**").

In compliance with Rule 1204(20) of the Catalist Rules, no non-sponsor fee was paid to the Sponsor by the Company in FY2016.

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 FY2016 or if not then subsisting, which were entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of KOP Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 69 to 169 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 March 31, 2016, 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 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Ong Chih Ching
Leny Suparman
Ko Chuan Aun
Lee Kiam Hwee
Dr. Ho Kah Leong @ Ho Kah Leung
Yu-Foo Yee Shoon

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of the directors and company in which interests are held	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
The Company (Ordinary shares)				
Ong Chih Ching(1)(2)(3)	33,087,858	1,100,000	460,659,285	493,247,143
Leny Suparman(1)(2)(4)	16,342,857	1,000,000	443,914,285	459,257,142
Ko Chuan Aun	1,500,000	1,900,500	–	–

The directors' interest in the shares of the Company at April 21, 2016 were the same as at March 31, 2016.

(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 and associates of the Company.

(2) 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 the shares held by KOP Group Pte. Ltd..

(3) 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 (2015: 460,659,285) shares which comprises (i) 428,571,428 (2015: 428,571,428) shares held through KOP Group Pte. Ltd., (ii) 64,175,715 (2015: 32,087,857) shares held through United Overseas Bank Nominees (Private) Limited and (iii) 500,000 (2015: Nil) shares held through Citibank Nominees Singapore Pte. Ltd..

(4) 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 (2015: 443,914,285) shares which comprises (i) 428,571,428 (2015: 428,571,428) shares held through KOP Group Pte. Ltd. and (ii) 30,685,714 (2015: 15,342,857) shares held through United Overseas Bank Nominees (Private) Limited.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) Options to take up unissued shares

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

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises the following members:

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

The Audit Committee has been renamed as Audit and Risk Committee on June 5, 2015. The Audit and Risk Committee has met four times since the last Annual General Meeting ("AGM") 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 auditors' examination of the financial statements;

(b) the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;

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

(d) 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 auditors' report on those financial statements;

DIRECTORS' STATEMENT

5 AUDIT AND RISK COMMITTEE (cont'd)

(e) 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;

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

(g) the re-appointment of the external auditors of the Group and their independence.

The Audit and Risk Committee 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 Audit and Risk Committee.

The Audit and Risk Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

The Audit and Risk Committee also undertakes the additional roles and responsibility of assisting the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....

Ong Chih Ching

....

Leny Suparman

June 23, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of KOP Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at March 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 69 to 169.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOP LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at March 31, 2016 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.

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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

June 23, 2016

STATEMENTS OF FINANCIAL POSITION

March 31, 2016

		GROUP		COMPANY	
	Note	**2016**	**2015**	**2016**	**2015**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
Current assets					
Cash and bank balances	8	3,244	5,309	13	276
Trade and other receivables	9	34,957	34,337	26,017	21,860
Other current assets	10	704	969	47	65
Development properties	11	24,485	55,457	–	–
Inventories	12	575	467	–	–
Prepaid film rights	13	96	134	–	–
		64,061	96,673	26,077	22,201
Non-current assets held for sale	14	24,922	26,414	–	–
Total current assets		88,983	123,087	26,077	22,201
Non-current assets					
Intangibles assets	15	126	344	–	–
Goodwill	16	–	–	–	–
Investments in subsidiaries	17	–	–	152,715	152,715
Investments in associated companies	18	6,839	1,200	–	–
Long-term notes receivable	19	36,934	40,725	–	–
Property, plant and equipment	20	60,286	40,053	2	–
Investment property	21	9,699	–	–	–
Deferred tax assets	22(a)	568	1,534	–	–
Total non-current assets		114,452	83,856	152,717	152,715
Total assets		203,435	206,943	178,794	174,916

STATEMENTS OF FINANCIAL POSITION (cont'd)

March 31, 2016

	Note	GROUP 2016 $'000	GROUP 2015 $'000	COMPANY 2016 $'000	COMPANY 2015 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	23	49,402	42,540	5,223	2,443
Bank overdrafts and borrowings (secured)	24	17,971	12,026	–	–
Finance leases	25	53	796	–	–
Income tax payables		1,219	2,295	4	4
		68,645	57,657	5,227	2,447
Liabilities directly associated with assets classified as held for sale	14	15,825	12,384	–	–
Total current liabilities		84,470	70,041	5,227	2,447
Non-current liabilities					
Bank borrowings (secured)	24	19,230	32,022	–	–
Finance leases	25	173	226	–	–
Sales proceeds received in advance	26	5,185	11,231	–	–
Deferred tax liabilities	22(b)	1,230	58	–	–
Total non-current liabilities		25,818	43,537	–	–
Capital, reserves and non-controlling interests					
Share capital	27	67,861	67,861	283,427	283,427
Foreign currency translation reserves		436	714	–	–
Other reserve		1,258	1,258	–	–
Retained earnings/ (Accumulated losses)		25,012	24,666	(109,860)	(110,958)
Equity attributable to owners of the Company		94,567	94,499	173,567	172,469
Non-controlling interests		(1,420)	(1,134)	–	–
Total equity		93,147	93,365	173,567	172,469
Total liabilities and equity		203,435	206,943	178,794	174,916

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended March 31, 2016

		GROUP	
	Note	**2016**	**2015**
		$'000	**$'000**
Revenue	28	24,464	18,583
Cost of sales		(14,746)	(10,801)
Gross profit		9,718	7,782
Investment income	29	–	43,002
Other operating income	30	5,303	3,673
Distribution costs		(1,457)	(1,374)
Administrative expenses		(17,525)	(39,671)
Share of results from interest in associate		–	(1,920)
Share of results from investments in associated companies	18	5,639	1,128
Finance costs	31	(1,276)	(1,239)
Profit before tax		402	11,381
Income tax expense	32	(265)	(575)
Profit after tax	33	137	10,806
Other comprehensive (loss)/income for the year, after tax:			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(355)	571
Total comprehensive (loss)/income for the year		(218)	11,377
Profit/(Loss) attributable to:			
Owners of the Company		346	12,607
Non-controlling interests		(209)	(1,801)
		137	10,806
Total comprehensive (loss)/income attributable to:			
Owners of the Company		68	13,328
Non-controlling interests		(286)	(1,951)
		(218)	11,377
Earnings per share (cents)			
Basic and diluted	34	0.04	1.45

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended March 31, 2016

	Share capital $'000	Foreign currency translation reserves $'000	Other reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
GROUP							
Balance at April 1, 2014	15,000	(7)	1,258	12,059	28,310	1,104	29,414
Total comprehensive income/(loss) for the year							
Profit/(Loss) for the year	–	–	–	12,607	12,607	(1,801)	10,806
Other comprehensive income/(loss) for the year	–	721	–	–	721	(150)	571
Total	–	721	–	12,607	13,328	(1,951)	11,377
Transactions with owners, recognised directly in equity							
Issuance of consideration shares (Note 27)	31,401	–	–	–	31,401	(287)	31,114
Issuance of shares for cash (Note 27)	21,460	–	–	–	21,460	–	21,460
Total	52,861	–	–	–	52,861	(287)	52,574
Balance at March 31, 2015	67,861	714	1,258	24,666	94,499	(1,134)	93,365
Total comprehensive income/(loss) for the year							
Profit/(Loss) for the year	–	–	–	346	346	(209)	137
Other comprehensive loss for the year	–	(278)	–	–	(278)	(77)	(355)
Total	–	(278)	–	346	68	(286)	(218)
Balance at March 31, 2016	67,861	436	1,258	25,012	94,567	(1,420)	93,147

STATEMENTS OF CHANGES IN EQUITY (cont'd)

Financial year ended March 31, 2016

	Share capital $'000	Accumulated losses $'000	Total equity $'000
COMPANY			
Balance at May 1, 2014	18,396	(14,814)	3,582
Loss for the year, representing total comprehensive loss for the period	–	(96,144)	(96,144)
Transactions with owners, recognised directly in equity			
Issuance of consideration shares (Note 27)	243,571	–	243,571
Issuance of shares (Note 27)	21,460	–	21,460
Total	265,031	–	265,031
Balance at March 31, 2015	283,427	(110,958)	172,469
Profit for the year, representing total comprehensive income for the year	–	1,098	1,098
Balance at March 31, 2016	283,427	(109,860)	173,567

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended March 31, 2016

	Note	GROUP 2016 $'000	GROUP 2015 $'000
Operating activities			
Profit before tax		402	11,381
Adjustments for:			
Depreciation of property, plant and equipment	20	2,873	3,110
Loss on disposal of property, plant and equipment	33	–	284
Amortisation of intangible assets	33	52	334
Impairment of prepaid film rights	33	91	52
Impairment of intangible assets	33	166	–
Goodwill written off	33	–	18,033
Fair value loss/(gain) on investment property	33	225	(894)
Finance costs	31	1,276	1,239
Interest income	30	(3,946)	(1,644)
Allowance for doubtful receivables	33	1,097	529
Allowance for doubtful receivables written back	33	(524)	–
Allowance for inventories written down value	33	–	49
Gain on redemption of 2013 Junior Notes	A	–	(43,002)
Unrealised foreign exchange differences		774	2,539
Share of results from interest in associate		–	1,920
Share of results of investments in associated companies		(5,639)	(1,128)
Operating cash flows before movements in working capital		(3,153)	(7,198)
Trade and other receivables		1,614	1,638
Other current assets		265	(243)
Development properties		1,045	(1,034)
Inventories		(115)	(65)
Prepaid film rights		(53)	262
Trade and other payables		14,540	(6,277)
Sales proceeds received in advance		(6,046)	(888)
Cash generated from/(used in) operations		8,097	(13,805)
Interest paid		(2,525)	(3,172)
Interest received		15	29
Income tax paid		(375)	(3,515)
Net cash from/(used in)operating activities		5,212	(20,463)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Financial year ended March 31, 2016

	Note	GROUP 2016 $'000	GROUP 2015 $'000
Investing activities			
Purchase of property, plant and equipment	20	(2,589)	(1,881)
Proceeds from disposal of property, plant and equipment		2	1,428
Completion of RTO, net of cash acquired	35	–	485
Realisation of interest in associate		–	3,993
Receipts from redemption of 2013 Junior Notes	A	–	28,691
Loan to an associated company	9	(1,867)	(30,214)
Net cash (used in)/from investing activities		(4,454)	2,502
Financing activities			
Proceeds from issuance of ordinary shares	27	–	21,460
Proceeds from borrowings		–	34,976
Repayment of borrowings		(8,210)	(37,430)
Decrease in restricted funds placed in escrow accounts		460	503
Repayment of finance lease		(796)	(657)
Net cash (used in)/from financing activities		(8,546)	18,852
Net (decrease)/increase in cash and cash equivalents		(7,788)	891
Cash and cash equivalents at beginning of the financial year		3,912	2,990
Effect of foreign currency translation on cash and cash equivalents		(57)	31
(Overdrawn)/Cash and cash equivalents at end of the financial year	8	(3,933)	3,912

Note A

On November 13, 2014, Royce Properties Pte. Ltd. ("Royce") entered into agreements with all the holders of the Junior Notes to redeem all of the existing Junior Notes ("2013 Junior Notes") for a total amount of $104,000,000 which was determined based on the underlying economic interest in Royce that factored in, inter alia, the future distributable profits (i.e. unsold Royce's properties) after discharge of all debts. Under the agreements, a subsidiary of the Company, KOP Properties Pte. Ltd. received the redemption proceeds in cash of $28,691,000 and a new 2014 Junior Notes Receivable ("2014 Junior Notes") of $39,800,000 that was interest bearing at 8.0% which was similar to other securities of similar risk profiles (Note 19). The other Junior Noteholders received the remaining redemption proceeds of $35,509,000 in cash.

Certain holders of the Junior Notes are considered related parties as they include directors and/or shareholders of the Company. The transaction was completed on December 16, 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Financial year ended March 31, 2016

Details of the redemption of the 2013 Junior Notes are as follows:

	December 16, 2014 $'000
Carrying amount of the interest in Royce, previously accounted as interest in associate	11,915
Interest receivables	633
Deferred tax liability	(1,285)
Deferred income	(3,537)
Share of loss of interest in associate	17,763
Net assets disposed	25,489
Cash consideration received	(28,691)
Long-term notes receivable (Note 19)	(39,800)
Gain on redemption of 2013 Junior Notes (Note 29)	(43,002)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

1 GENERAL

The Company (Registration No. 200415164G) is incorporated in Singapore with its principal place of business and registered office at 152 Beach Road, #27-01 The Gateway East, Singapore 189721. With effect from April 29, 2016, the principal place of business and registered office are at 25 Tai Seng Avenue, #06-01 KOP Building, Singapore 534104. The Company is listed on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Singapore dollars (SGD or $).

The principal activity of the Company is to carry on the business of an investment holding company. The principal activities of the subsidiaries and associated companies are disclosed in Notes 17 and 18 to the financial statements respectively.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2016 were authorised for issue by the Board of Directors on June 23, 2016.

2 THE REVERSE TAKEOVER

On November 27, 2013, the shareholders of KOP Properties Pte. Ltd. ("KOPP") entered into an agreement to sell the entire issued and paid-up ordinary share capital of KOPP to the Company for a total consideration of $150,000,000 which was satisfied with the issuance of 714,285,714 new ordinary shares to the shareholders of KOPP at an issuance price of $0.21 per share ("Proposed Acquisition").

On April 25, 2014, the Company obtained shareholders' approvals on the resolution relating to the Proposed Acquisition.

On May 6, 2014, the Company completed the acquisition ("Acquisition") with the issuance of 714,285,714 new ordinary shares to the shareholders on an unconditional basis at the closing price of $0.341 per share. The Company acquired the entire share capital of KOPP, satisfied by the allotment and issuance of new ordinary shares in the capital of the Company to the shareholders of KOPP.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 THE REVERSE TAKEOVER (cont'd)

Upon the completion of the Reverse Takeover ("RTO"), the Enlarged Group comprised:

(i) Scorpio East Holdings Ltd. (now known as KOP Limited) and its operating subsidiaries (hereinafter refer to as the "Scorpio Group"); and

(ii) KOP Properties Pte. Ltd. and its subsidiaries (hereinafter refer to as the "KOPP Group")

(collectively, the "Enlarged Group").

In connection with the RTO, the Company has changed its financial year end from April 30 to March 31 to be coterminous with the financial year end of the KOPP Group. Therefore, the financial statements of the Company for the preceding financial year covered the 11 months period from May 1, 2014 to March 31, 2015. The financial statements of the Company for the current financial year cover the 12 months period from April 1, 2015 to March 31, 2016.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2015, the Group and the Company adopted all the new and revised FRSs and Interpretations to FRS ("INT FRS") that are effective from that date and are relevant to its operations.

The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS ISSUED BUT NOT YET EFFECTIVE – At the date of authorisation of these financial statements, the following FRSs and amendments/improvements to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[1]
- FRS 115 *Revenue from Contracts with Customers*[1]
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*[1]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[2]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[3]
- Improvements to Financial Reporting Standards (November 2014)[2]

[1] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

[2] Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

[3] Applies prospectively to annual periods beginning on or after January 1, 2017, with early application permitted.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Management anticipates that the adoption of the above FRSs and amendments/ improvements to FRS issued but only effective in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 *Financial Instruments* (cont'd)

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is evaluating the impact of the changes in the period of initial adoption. It is currently impracticable to disclose any further information on the known or reasonable estimated impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 *Revenue from Contracts with Customers* (cont'd)

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

The Group is evaluating the impact of the changes in the period of initial adoption. It is currently impracticable to disclose any further information on the known or reasonable estimated impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt FRS 115.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The Group is currently evaluating the impact of Amendments to FRS 1 on its presentation of financial statements in the period of initial adoption.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group is currently evaluating the impact of Amendments to FRS 7 on its presentation of financial statements in the period of initial adoption.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transaction of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment amends transactions of the acquirer in accordance with FRS 102 *Share-based Payment* at the acquisition date; and

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

BUSINESS COMBINATION UNDER COMMON CONTROL – Business combinations involving entities under common control are accounted for using merger accounting.

The net assets of the combining entities or businesses are consolidated using the existing book values from the date of the acquisition.

Any excess or shortfall of the consideration paid over the net book values of the acquiree is recognised as a component under equity as "other reserve".

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 180 days (2015: 30 to 180 days), as well as observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group have a legally enforceable right to set off the recognised amounts; and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessee (cont'd)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NON-CURRENT ASSETS HELD FOR SALE – Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell unless the assets fall outside the scope of FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* such as investment property which will be measured in accordance with the fair value model under FRS 40 *Investment Property*.

DEVELOPMENT PROPERTIES – Development properties held for sale are those which are intended for sale in the ordinary course of business. Development properties held for sale which are unsold are carried at the lower of cost and estimated net realisable value. Cost of development properties held for sale includes land, construction and related development costs and interest on borrowings obtained to finance the purchase and construction of the properties. Net realisable value represents the estimated selling price in the ordinary course of business less costs to complete the development and selling expenses.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PREPAID FILM RIGHTS – These represent advance payments made to acquire film rights. These are carried at cost less any impairment loss when the recoverable amount of the asset is estimated to be lower than its carrying amount.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT – Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

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

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements until they are no longer in use.

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognised of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful life as follows:

Website cost	3 years

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets relating to film rights

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

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

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

Intangible assets have useful lives as follows:

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

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATES – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS – Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

<u>Revenue from sale of development properties</u>

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.

<u>Management and coordination fee income</u>

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue from hotel and resort operations

Hotel room revenue is recognised based on room occupancy while other hospitality related revenue is recognised when the goods are delivered or the services are rendered to the customers.

Commission income

Commission income is recognised when the services are rendered.

Sale of tickets

Revenue from the sale of concert tickets is recognised once the concert performance is completed.

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.

Sponsorship income

Revenue from sponsorship income that is of a short duration is recognised when the services are rendered.

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;

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods and assignment of distribution rights (cont'd)

- 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.

Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease.

Interest income

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

Investment income

Investment income is recognised when the Group redeems all or a portion of its investment in real estate projects or when the Group receives cash income, such as dividends or distributions.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and the state-managed retirement benefit scheme in Indonesia, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserves.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e., of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and at bank, bank deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

SEGMENT REPORTING – An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is internally provided to the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Critical judgements in applying the Group's accounting policies

Management did not make any material judgements that have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates (see below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

<u>Development properties</u>

The Group assesses allowance for foreseeable losses taking into account the Group's recent experience in estimating the net realisable value of sold and unsold development properties by reference to expected selling price, the margin between the selling price and the cost of construction and the expected realisable value. Market conditions may, however, change which may affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

The carrying amounts of unsold completed properties held for sale and unsold development properties under development are disclosed in Note 11 to the financial statements.

<u>Allowances for doubtful receivables</u>

The policy for allowances for doubtful receivables of the Company and the 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 the current creditworthiness, the past collection history of each customer and on-going dealings with these parties. If the financial conditions of the counterparties were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

During the year, management performed a credit evaluation process to review the recoverability of trade and other receivables and long-term notes receivable balances. The assessment has led to recognition of allowance for doubtful receivables of $1,097,000 (2015: $529,000) for the Group during the year.

The carrying amounts of the trade and other receivables and long-term notes receivable are disclosed in Notes 9 and 19 to the financial statements respectively.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of investments in subsidiaries and amounts due from subsidiaries

Management has carried out a review of the recoverable amount of the investments in subsidiaries and the amounts due from subsidiaries, having regard to the existing performance of the relevant subsidiaries and the carrying value of the net assets in these subsidiaries.

Management has estimated the recoverable amount based on higher of value-in-use and fair value less cost to sell. The recoverable amount for investments in subsidiaries is mainly assessed using fair value less cost to sell which is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries. For the preceding year ended March 31, 2015, management had estimated the recoverable amount for investments in certain subsidiaries using value-in-use calculations. The value-in-use was determined by reference to the discounted cash flow forecasts of the subsidiaries, which were derived from the most recent financial budgets approved by management using discount rates ranging from 8.0% to 12.6% per annum, growth rate of 3.5% per annum and terminal growth rate of 1.0% per annum.

The assessment has led to recognition of allowance for impairment of investments in subsidiaries of $Nil (2015: $93,572,000) and allowance for doubtful receivables of amounts due from subsidiaries of $Nil (2015: $949,000) during the year.

The carrying amounts of the investments in subsidiaries and amounts due from subsidiaries are disclosed in Notes 17 and 9 to the financial statements respectively.

Impairment assessment

At each reporting period end, management reviews the carrying amounts of its investments in associated companies and other intangible assets amounting to $6,965,000 (2015: $1,544,000) to determine whether there are any indications that those assets have suffered an impairment loss. In performing the review, management considers the latest financial results and economic outlooks relating to those assets or entities. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The assessment has led to recognition of impairment of intangible assets of $166,000 (2015: $Nil) during the year.

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. If there is indication of impairment, the recoverable amounts of the property, plant and equipment are determined based on fair value less cost to sell (2015: value-in-use) calculations. These calculations require the use of judgement and estimates.

Management has carried out a review of the recoverable amount of the property, plant and equipment and assessed that no impairment was required.

The carrying amount of the property, plant and equipment is disclosed in Note 20 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Valuation of the investment property

As described in Note 3 to the financial statements, investment property is stated at fair value which is based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have used various methods of valuation which involves the making of certain assumptions and the use of estimates. In relying on the valuation reports of the professional valuers, management has exercised judgement in arriving at a value which is reflective of the current market conditions.

The carrying amount of the investment property is disclosed in Note 21 to the financial statements.

Taxes

In determining the provision for income taxes, management is required to estimate the amount of tax payable at each jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. Further details in relation to taxation are disclosed in Notes 22 and 32.

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances)	75,375	80,848	26,030	22,136
Financial liabilities				
Amortised cost	102,234	98,265	5,223	2,443

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

As at March 31, 2016

Financial assets

Type of financial asset	(a) Gross amount of recognised financial asset $'000	(b) Gross amount of recognised financial liability set off in the statement of financial position $'000	(c) = (a) – (b) Net amount of financial asset before impairment presented in Note 19 $'000
Long-term notes receivables	43,734	(6,800)	36,934

Financial liabilities

Type of financial liability	(a) Gross amount of recognised financial liability $'000	(b) Gross amount of recognised financial asset set off in the statement of financial position $'000	(c) = (a) – (b) Net amount of financial liability presented in Note 23 $'000
Non-trade payables to ultimate holding company	34,345	(6,800)	27,545

As at March 31, 2015, the Group does not have any financial instruments which are subject to enforceable master netting arrangements or similar agreements.

As at March 31, 2016 and 2015 the Company does not have any financial instruments which are subject to enforceable master netting arrangements or similar agreements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives*

The Group's overall financial risk management seeks to minimise potential adverse effects on the financial performance of the Group. 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 Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group operates primarily in Singapore, Indonesia and United Kingdom and as a result, is exposed to foreign exchange risk from transactions denominated in foreign currencies, arising from its normal business activities.

The currencies giving rise to this risk are primarily Singapore Dollars, Indonesian Rupiah and United States Dollars. Exposures to foreign currency risks are managed as far as possible by natural hedges of matching assets and liabilities.

The Group does not enter into derivative foreign exchange contracts and foreign currency borrowings to hedge against foreign currency risk.

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**	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollars	338	354	15,825	16,261
Indonesian Rupiah	736	450	9,043	2,470
United States Dollars	590	655	4,311	7,409

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives* (cont'd)

(i) Foreign exchange risk management (cont'd)

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

Foreign currency sensitivity

The following table details the sensitivity to a 3% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates.

If the relevant foreign currency were to strengthen by 3% against the functional currency of each Group's entity, the Group's profit for the year will increase/(decrease) by:

	GROUP	
	2016	**2015**
	$'000	**$'000**
Impact on profit:		
Singapore Dollars	(465)	(477)
Indonesian Rupiah	(249)	(61)
United States Dollars	(112)	(203)

The opposite applies if the relevant foreign currencies were to weaken by 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 was presented.

(ii) Interest rate risk management

Summary quantitative data of the Group's and the Company's interest-bearing financial instruments can be found in Note (5)(c)(iv). The Group's primary source of interest rate risk is from its borrowings from financial institutions. The Group ensures that it obtains borrowings at competitive interest rates under most favourable terms and conditions based on the Group's financial strength.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives* (cont'd)

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended March 31, 2016 would decrease/increase by $182,000 (2015: $158,000) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Company has no exposure to interest rate risk as the Company had no interest-bearing financial assets and financial liabilities. Accordingly, interest rate sensitivity analysis has not been prepared.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 recoverable amount of each individual trade receivable is reviewed at the end of each reporting period and allowance is made for estimated irrecoverable amount.

The maximum amount the Company could be forced to settle under the financial guarantee contracts in Note 36 to the financial statements, if the full guaranteed amount is claimed by the counterparty to the guarantees, is $88,847,000 (2015: $125,898,000). 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 FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives* (cont'd)

(iii) Credit risk management (cont'd)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The Group and Company have no concentration of credit risk other than the loan due from an associated company and amounts due from subsidiaries as disclosed in Note 9 and the long-term notes receivable as disclosed in Note 19 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 9 to the financial statements.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group finances their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives* (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustments column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

GROUP	**Weighted average effective interest rate %**	**On demand or within 1 year $'000**	**Within 2 to 5 years $'000**	**After 5 years $'000**	**Adjustments $'000**	**Total $'000**
2016						
Non-interest bearing	–	48,982	–	–	–	48,982
Fixed interest rate	6.87	7,711	11,521	–	(2,313)	16,919
Variable interest rate	3.44	29,824	8,952	–	(2,443)	36,333
		86,517	20,473	–	(4,756)	102,234
2015						
Non-interest bearing	–	41,983	–	–	–	41,983
Fixed interest rate	6.65	9,328	18,919	6	(3,628)	24,625
Variable interest rate	2.85	16,375	17,855	–	(2,573)	31,657
		67,686	36,774	6	(6,201)	98,265

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives* (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities (cont'd)

The Company's financial liabilities as at March 31, 2016 and 2015 are repayable on demand or due within 1 year from the end of the reporting period.

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 36, if the full guaranteed amount is claimed by the counterparty to the guarantee, is $88,847,000 (2015: $125,898,000). The earliest period that the guarantee could be called is within 1 year (2015: 1 year) from the end of the reporting period. As mentioned in Note 5(c)(iii), the Company considers that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk managed on a net asset and liability basis. The table below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives* (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial assets (cont'd)

GROUP	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustments $'000	Total $'000
2016						
Non-interest bearing	–	10,294	–	–	–	10,294
Fixed interest rate	5.54	35,683	40,045	–	(10,647)	65,081
		45,977	40,045	–	(10,647)	75,375
2015						
Non-interest bearing	–	10,834	–	–	–	10,834
Fixed interest rate	5.84	34,315	51,481	–	(15,782)	70,014
		45,149	51,481	–	(15,782)	80,848

The Company's financial assets as at March 31, 2016 and 2015 are repayable on demand or due within 1 year from the end of the reporting period.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments except for long-term notes receivable, long-term bank borrowings and non-current finance leases.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives* (cont'd)

(v) Fair value of financial assets and financial liabilities (cont'd)

Management is of the opinion that the interest rates on long-term notes receivable, bank borrowings and non-current finance leases approximate market interest rates and therefore their carrying amounts approximate fair values.

(d) *Capital risk 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 borrowings 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.

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 (excluding borrowings classified under liabilities held for sale) divided by total equity. At the end of the reporting period, the Group's gearing ratio is 0.40 (2015: 0.48).

The Group's overall strategy on capital risk management remains unchanged from 2015.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

6 HOLDING COMPANY AND RELATED COMPANIES TRANSACTIONS

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.

Some of the Group's transactions and arrangements are between members of the ultimate holding company's group of companies and the effect of these on the basis determined between the parties is reflected in these financial statements.

The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following significant transactions with related companies, other than those disclosed elsewhere in the financial statements:

	GROUP	
	2016	**2015**
	$'000	**$'000**
With related companies:		
Management fee income	–	(324)
Interest income	(3,009)	(925)
Advertising income	–	(3)
Commission income	(330)	(70)

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

7 OTHER RELATED PARTIES TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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

	GROUP	
	2016	**2015**
	$'000	**$'000**
Entity controlled by the director of the Company:		
Management fee income	(313)	(350)
Entity which the directors of the Company have interest in:		
Management fee expenses	573	–
Transactions with directors:		
Management fee income from development properties sold	(14)	(14)
Transactions with Royce, previously accounted as associate:		
Advertising income	–	(15)
Interest income	–	(220)
Commission income	–	(213)

(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	
	2016	**2015**
	$'000	**$'000**
Short-term benefits	2,696	2,879
Post-employment benefits	95	97
Total	2,791	2,976

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

8 CASH AND BANK BALANCES

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand and at bank	2,492	4,097	13	276
Funds placed in escrow accounts	752	1,212	–	–
	3,244	5,309	13	276
Less: Bank overdrafts (Note 24)	(6,425)	(185)	–	–
Less: Restricted funds placed in escrow accounts	(752)	(1,212)	–	–
(Overdrawn)/Cash and cash equivalents in the consolidated statement of cash flows	(3,933)	3,912	13	276

Funds placed in escrow accounts relate to the minimum balance maintained with banks to secure bank borrowings (Note 24). The minimum balance is equivalent to the aggregate of three months interest and principal on the term loan during the instalment period and an initial deposit of $250,000 since the first drawdown of the term loan.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

9 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
Subsidiaries (Notes 6 and 17)	–	–	3,852	1,269
Related party (Note 7)	–	3	–	–
Related companies (Note 6)	–	58	–	–
Third parties	2,712	2,718	–	–
	2,712	2,779	3,852	1,269
Less: Allowance for doubtful receivables	(1,308)	(1,661)	(1,124)	(1,145)
Net trade receivables	1,404	1,118	2,728	124
Receivables from Scorpio Contracts[(a)]	150	262	–	–
Non-trade receivables:				
Subsidiaries (Notes 6 and 17)	–	–	28,718	27,886
Less: Allowance for doubtful receivables	–	–	(5,429)	(6,150)
Net subsidiaries balance	–	–	23,289	21,736
Ultimate holding company (Note 6)	5	5	–	–
Associated company (Notes 6 and 18)	890	890	–	–
Less: Allowance for doubtful receivables	(890)	–	–	–
Net associated company balance	–	890	–	–
Related companies (Note 6)	598	1,118	–	–
Third parties	719	730	–	–
Loan to an associated company (Notes 6 and 18)	32,081	30,214	–	–
	34,957	34,337	26,017	21,860

(a) This represents amounts due from the producers of movies and concerts arising from their termination ("Scorpio Contracts").

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

9 TRADE AND OTHER RECEIVABLES (cont'd)

Movements in receivables from Scorpio Contracts were as follows:

	GROUP	
	2016	**2015**
	$'000	**$'000**
Balance at beginning of the year	262	–
Arising from RTO	–	373
Cash refunded from a producer during the year	(125)	(125)
Interest income on financial assets carried at amortised cost (Note 30)	13	14
Balance at end of the year	150	262

The average credit period on sale of goods and rendering of services ranges between 30 to 180 days (2015: 30 to 180 days). No interest is charged on the overdue balances.

The non-trade receivables due from associated company and related companies are unsecured, interest-free and repayable on demand.

The loan to an associated company is unsecured, bears fixed interest of 3% (2015: 3%) per annum and repayable on demand.

The table below is an analysis of trade receivables as at the end of the reporting period:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Not past due and not impaired	804	504	259	–
Past due but not impaired	600	614	2,469	124
	1,404	1,118	2,728	124
Impaired receivables – individually assessed[b]				
Past due and no response to repayment demands	1,308	1,661	5,429	1,145
Less: Allowance for doubtful receivables	(1,308)	(1,661)	(5,429)	(1,145)
	–	–	–	–
Total trade receivables, net	1,404	1,118	2,728	124

(b) These amounts are stated before any deduction for allowance for doubtful receivables.

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9 TRADE AND OTHER RECEIVABLES (cont'd)

The table below is an analysis of trade receivables which are past due for which no allowance has been provided:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Past due <3 months	215	308	518	–
Past due 3 to 6 months	155	102	1,070	124
Past due over 6 months	230	204	881	–
	600	614	2,469	124

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.

Included in the Group's trade receivable balance are debtors with a carrying amount of $600,000 (2015: $614,000) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Movements in the allowance for doubtful receivables are as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of the year	1,661	16	7,295	6,346
Arising from RTO	–	1,152	–	–
Charged to profit or loss (Note 33)	1,097	529	–	949
Amount written back (Note 33)	(524)	–	(742)	–
Written off	(20)	(24)	–	–
Exchange differences	(16)	(12)	–	–
Balance at end of the year	2,198	1,661	6,553	7,295

Receivables that are individually determined to be 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.

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10 OTHER CURRENT ASSETS

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	240	477	–	–
Prepayments	464	492	47	65
	704	969	47	65

11 DEVELOPMENT PROPERTIES

Development properties under construction consist of sold and unsold properties under development.

	GROUP	
	2016	**2015**
	$'000	**$'000**
Development properties		
Completed properties held for sale	11,862	20,330
Properties under development	43,799	35,127
Less: Reclassification of development properties to property, plant and equipment[1] (Note 20)	(31,176)	–
Accounted for using the completed-contract method	24,485	55,457

(1) Following a change in the intent of use for the resort located at Seminyak, Indonesia, a balance of $31,176,000 was reclassified from development properties to property, plant and equipment during the year ended March 31, 2016.

Development properties held for sale under construction accounted for using the completed-contract method were analysed as follows:

	GROUP	
	2016	**2015**
	$'000	**$'000**
Land and other related costs	2,355	28,162
Development cost, related overhead expenditure and financing charge incurred to-date	54,409	53,481
Cost of development properties	56,764	81,643
Transferred to cost of sales	(32,279)	(26,186)
	24,485	55,457

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

11 DEVELOPMENT PROPERTIES (cont'd)

The interest expense capitalised during the financial year amounted to $487,000 (Note 31) (2015: $1,933,000).

All development properties are pledged as securities for bank borrowings (Note 24). 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	56%	December 2016

12 INVENTORIES

	GROUP 2016 $'000	GROUP 2015 $'000
Supplies and consumables	563	378
Finished goods	12	138
	575	516
Less: Allowance for inventories written down value charged to profit or loss (Note 33)	–	(49)
	575	467

Management has carried out a review of the net realisable value of the inventories as at the end of the reporting period. The assessment has led to a recognition of allowance for inventories written down value of $Nil (2015: $49,000) during the year as a result of inventory obsolescence.

NOTES TO FINANCIAL STATEMENTS

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13 PREPAID FILM RIGHTS

	GROUP	
	2016	**2015**
	$'000	**$'000**
Balance at beginning of the year	134	–
Arising from RTO	–	448
Additions during the year	838	–
Charged to profit or loss (included in cost of sales in the consolidated statement of profit or loss and other comprehensive income)	(785)	(262)
Impairment during the year (Note 33)	(91)	(52)
Balance at end of the year	96	134

14 NON-CURRENT ASSETS HELD FOR SALE

(a) On February 25, 2016, the Company's indirect 85% owned subsidiary, Cranley Hotel Limited ("CHL") entered into an asset purchase agreement ("APA") with a third party for the sale of the business together with the assets of CHL, which comprises inventories and Cranley Hotel located at 8, 10 and 12 Bina Gardens, London SW5 OLA (collectively, the "Assets"). The assets and liabilities attributable to the Assets which are expected to be sold within twelve months, have been reclassified as "non-current asset held for sale" and "liabilities directly associated with assets classified as held for sale" and are presented separately in the consolidated statement of financial position.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and, accordingly, no impairment loss has been recognised on the classification of the Assets as held for sale. The sale was subsequently completed on April 4, 2016 with a gain of approximately $7 million.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

14 NON-CURRENT ASSETS HELD FOR SALE (cont'd)

The major classes of assets and liabilities comprising the "non-current assets held for sale" and "liabilities directly associated with assets classified as held for sale" are as follows:

	GROUP 2016 $'000
Property, plant and equipment	24,915
Inventories	7
Total assets held for sale	24,922
Bank borrowings[1], representing total liabilities directly associated with assets classified as held for sale	15,825
Net assets of non-current assets held for sale	9,097

(1) 5-year SGD term loan bears interest at 1.75% per annum plus the 3-months Cost of Funds. The loan is to be repaid over 60 monthly instalments after its first drawdown. The loan is secured by legal mortgage of the freehold land and building of the subsidiary and corporate guarantee from the Company and from a subsidiary.

The loan was fully repaid subsequent to the completion of the sale on April 4, 2016.

(b) On April 23, 2015, management appointed Colliers International (Singapore) Pte Ltd as the exclusive marketing agent in connection with the proposed disposal of the property known as KOP Building located at 25 Tai Seng Avenue, Singapore 534104 (the "Building"). Negotiations with several interested parties had subsequently taken place. The assets and liabilities attributable to the Building, which were expected to be sold within twelve months, had been reclassified as "non-current assets held for sale" and "liabilities directly associated with assets classified as held for sale" and are presented separately in the consolidated statement of financial position as at March 31, 2015.

The proceeds of disposal were expected to exceed the net carrying amount of the relevant assets and, accordingly, no impairment loss had been recognised on the classification of those assets held for sale in the preceding year.

Notwithstanding active marketing and subsequent negotiations with several interested parties during the current year, the assets held for sale were not sold as expected selling price was not met and a year has lapsed. Accordingly, the assets and associated liabilities previously classified as "non-current assets held for sale" and "liabilities directly associated with assets classified as held for sale" are reclassified to respective accounts in the consolidated statement of financial position. There is no impact to the profit or loss of the preceding year ended March 31, 2015 as a result of this reclassification.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

14 NON-CURRENT ASSETS HELD FOR SALE (cont'd)

The major classes of assets and liabilities comprising the "non-current assets held for sale" and "liabilities directly associated with assets classified as held for sale" were as follows:

	GROUP 2015 $'000
Property, plant and equipment (Note 20)	18,377
Investment property (Note 21)	8,037
Total non-current assets held for sale	26,414
Bank borrowings[1]	11,212
Deferred tax liabilities [Note 22(b)]	1,172
Total liabilities directly associated with assets classified as held for sale	12,384
Net assets of non-current assets held for sale	14,030

(1) Pertained to SGD land and building loan. Details of this loan are disclosed in Note 24(g).

15 INTANGIBLE ASSETS

	Website cost $'000	License cost $'000	Content production $'000	Total $'000
GROUP				
Cost:				
At April 1, 2014	3	–	–	3
Arising from RTO	–	528	149	677
At March 31, 2015 and March 31, 2016	3	528	149	680
Accumulated amortisation:				
At April 1, 2014	2	–	–	2
Amortisation for the year (Note 33)	1	291	42	334
At March 31, 2015	3	291	42	336
Amortisation for the year (Note 33)	–	24	28	52
At March 31, 2016	3	315	70	388
Accumulated impairment:				
At April 1, 2014 and March 31, 2015	–	–	–	–
Impairment for the year (Note 33)	–	91	75	166
At March 31, 2016	–	91	75	166
Carrying amount:				
At March 31, 2016	–	122	4	126
At March 31, 2015	–	237	107	344

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

15 INTANGIBLE ASSETS (cont'd)

The amortisation expense amounting to $52,000 (2015: $334,000) has been included in the line item "cost of sales" and "administrative expenses" 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.

Impairment loss amounting to $91,000 and $75,000 for license cost and content production respectively have been made for film rights and investment cost in movie production 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.

16 GOODWILL

	GROUP	
	2016	**2015**
	$'000	**$'000**
Arising from RTO (Note 35)	–	18,033
Written off during the year (Note 33)	–	(18,033)
	–	–

This represents goodwill arising from FRS 103 *Business Combinations* resulting from the RTO of Scorpio Group mainly due to increase in share price from $0.210 at negotiation date to $0.341 at completion date on May 6, 2014. Financial Reporting Standards require the measurement of equity-settled purchase consideration for business combinations at the completion date.

The main business of Scorpio Group relates to the entertainment business which had been making losses over the last few years. The goodwill that arose from the RTO of Scorpio Group was allocated, at acquisition, to the cash generating units (CGUs) of Entertainment Segment. Management carried out a recoverability review of the carrying amount of the goodwill allocated to the Entertainment Segment and determined that the entire amount should be written off.

The impairment loss was determined using value-in-use ("VIU") recoverable amount computation for 5 years. No growth rate was used in the VIU computation. No discount rate was used as the VIU computation was generating negative cash flows.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

17 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2016	**2015**
	$'000	**$'000**
Unquoted equity shares, at cost	254,172	254,172
Less: Allowance for impairment	(101,457)	(101,457)
Carrying amount of investments in subsidiaries	152,715	152,715

During the preceding financial year ended March 31, 2015, the Company completed the legal acquisition of KOP Properties Pte. Ltd. and its subsidiaries ("KOPP Group") on May 6, 2014. The Company issued 714,285,714 shares at the closing price of $0.341 which was higher than the negotiated price of $150,000,000 at $0.210 per share based on the valuation report dated March 12, 2014 which resulted in a cost of investment of $243,572,000 that was higher than the recoverable amount of KOPP Group. Accordingly, management recognised impairment losses of $93,572,000 for the investment in KOPP Group.

At the end of the reporting period, management carried out a review of the recoverable amount of the investment in subsidiaries. No additional impairment loss had been recognised in profit or loss. The recoverable amount had been estimated based on the value-in-use. The basis for management's assessment on impairment is disclosed in Note 4 to the financial statements.

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

	COMPANY	
	2016	**2015**
	$'000	**$'000**
Balance at beginning of the year	101,457	7,885
Charged to profit or loss	–	93,572
Balance at end of the year	101,457	101,457

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

17 INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity/ Place of incorporation	Effective equity interest 2016 %	2015 %
Subsidiaries held by the Company			
Scorpio East Entertainment Pte. Ltd.[(1)]	Distribution of video programmes for home entertainment/ Singapore	100.00	100.00
Scorpio East Multimedia Pte. Ltd.[(1)]	Packaging of disk media and distribution of film rights/ Singapore	100.00	100.00
Scorpio East Pictures Pte. Ltd.[(1)]	Film production investment, provision of producer services, event organiser, acquisition and distribution of film rights/ Singapore	100.00	100.00
Scorpio East Pictures Sdn. Bhd.[(3)]	Acquisition and distribution of film rights within the territory of Malaysia/ Malaysia	51.00	51.00
Scorpio East Pictures (H.K.) Limited[(3)(4)]	Dormant/ Hong Kong	100.00	100.00
Scorpio East Leisure Pte. Ltd.[(3)(4)]	Dormant/ Singapore	100.00	100.00
Scorpio East Productions Pte. Ltd.[(1)]	Event organiser/ Singapore	52.63	52.63
Scorpio East Properties Pte. Ltd.[(1)]	Real estate activities/ Singapore	100.00	100.00
KOP Entertainment Pte. Ltd.[(1)]	Investment holding company/ Singapore	100.00	100.00
KOP Properties Pte. Ltd.[(1)]	Investment holding company/ Singapore	100.00	100.00

NOTES TO FINANCIAL STATEMENTS

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17 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activity/ Place of incorporation	Effective equity interest 2016 %	2015 %
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	100.00	100.00
P.T. Teguh Cipta Pratama[(2)]	Development and trade/ Indonesia	100.00	100.00
KOP Properties Ltd[(3)]	Letting and operation of owned or leased real estate/ United Kingdom	100.00	100.00
KOP Hospitality Pte. Ltd.[(1)]	Management of hotels with restaurants/ Singapore	100.00	100.00
The Cranley Hotel (IOM) Limited[(3)(5)(8)]	Property holding company/ Isle of Man	85.00	85.00
Gramercy Properties Pte. Ltd.[(1)]	Real estate development/ Singapore	100.00	100.00
KOP Properties (HK) Limited[(3)(7)]	Property management and consultancy/ Hong Kong	51.00	51.00
KOP Cecil Pte. Ltd.[(1)]	Investment holding company/ Singapore	100.00	100.00
KOP Properties Shanghai Operation and Management Pte. Ltd.[(1)(6)]	Real estate operation and management services/ Singapore	100.00	–

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March 31, 2016

17 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activity/ Place of incorporation	Effective equity interest 2016 %	2015 %
Subsidiaries held by Gramercy Properties Pte. Ltd.			
P.T. Montigo Seminyak[2]	Development and trade/ Indonesia	100.00	100.00
Subsidiary held by KOP Properties (HK) Limited			
KOP Management Services (Shanghai) Co., Ltd.[3][7]	Property management and consultancy/ People's Republic of China	51.00	51.00
Subsidiaries held by KOP Hospitality Pte. Ltd.			
KOP Luxury Lifestyles Pte. Ltd.[1]	Dormant/ Singapore	100.00	100.00
Franklyn Hotels & Resorts (Europe) Limited[3]	Hospitality management services/ United Kingdom	100.00	100.00
Subsidiaries held by The Cranley Hotel (IOM) Limited			
Cranley Hotel Limited[3][5][8]	Provision of hotel services/ United Kingdom	85.00	85.00
Cranley Real Estate Limited[3][5][8]	Property holding company/ United Kingdom	85.00	85.00

NOTES TO FINANCIAL STATEMENTS

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17 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	**Principal activity/ Place of incorporation**	**Effective equity interest 2016 %**	**Effective equity interest 2015 %**
Subsidiaries held by KOP Properties Shanghai Operation and Management Pte. Ltd.			
KOP Winterland Pte. Ltd.(1)(6)	Investment holding and operation and management services for real estate development/ Singapore	85	–
KOP Northern Lights Pte. Ltd.(1)(6)	Investment holding and real estate development/ Singapore	100	–
KOP Properties Operation and Management (Shanghai) Co., Ltd.(3)(6)	Business management and consultancy/ People's Republic of China	100	–
Subsidiary held by KOP Winterland Pte. Ltd.			
KOP Winterland Operation and Management (Shanghai) Co., Ltd.(3)(6)	Investment management and consultancy/ People's Republic of China	85	–

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited for consolidation purpose by Deloitte & Touche LLP, Singapore.
(3) Reviewed for consolidation purpose by Deloitte & Touche LLP, Singapore.
(4) Not audited as the subsidiary has been dormant since incorporation.
(5) Audited by Alexander & Co., United Kingdom.
(6) Incorporated during the financial year ended March 31, 2016.
(7) Collectively known as "KOP HK Group".
(8) Collectively known as "Cranley Group".

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

17 INVESTMENTS IN SUBSIDIARIES (cont'd)

Information about the composition of the Group at the end of the reporting period is as follows:

a) **Wholly-owned subsidiaries**

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries 2016	2015
Investment holding	Singapore	3	3
Real estate activities with own or leased property and business and management consultancy services	Singapore	1	1
Development and trade	Indonesia	2	2
Letting and operation of owned or leased real estate	United Kingdom	1	1
Management of hotels with restaurants	Singapore	1	1
Real estate development	Singapore	1	1
Real estate activities	Singapore	1	1
Hospitality management services	United Kingdom	1	1
Publication of journals, periodical and magazines and other reservation service activities	Singapore	–	1
Distribution of video programmes for home entertainment	Singapore	1	1
Packaging of disk media and distribution of film rights	Singapore	1	1
Film production investment, provision of producer services, event organiser, acquisition and distribution of film rights	Singapore	1	1
Real estate operation and management services	Singapore	1	–
Investment holding and real estate development	Singapore	1	–
Business management and consultancy	People's Republic of China	1	–
Dormant	Singapore	2	1
Dormant	Hong Kong	1	1
		20	17

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March 31, 2016

17 INVESTMENTS IN SUBSIDIARIES (cont'd)

b) Non-wholly owned subsidiaries

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries 2016	2015
Property holding company	United Kingdom	1	1
Property holding company	Isle of Man	1	1
Property management and consultancy	Hong Kong	1	1
Property management and consultancy	People's Republic of China	1	1
Provision of hotel services	United Kingdom	1	1
Acquisition and distribution of film rights within the territory of Malaysia	Malaysia	1	1
Event organiser	Singapore	1	1
Investment holding and operation and management services for real estate development	Singapore	1	–
Investment management and consultancy	People's Republic of China	1	–
		9	7
Total		29	24

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group are disclosed below.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2016 %	2015 %	Profit/(Loss) allocated to non-controlling interests 2016 $'000	2015 $'000	Accumulated non-controlling interests 2016 $'000	2015 $'000
Cranley Group	United Kingdom	15.00	15.00	(145)	19	1,234	1,435
KOP HK Group	Hong Kong & People's Republic of China	49.00	49.00	(123)	(1,742)	(2,302)	(2,204)
Scorpio East Productions Pte. Ltd.	Singapore	47.37	47.37	66	(78)	(345)	(411)
Individual subsidiaries with immaterial non-controlling interests				(7)	–	(7)	46
Total				(209)	(1,801)	(1,420)	(1,134)

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17 INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Cranley Group	
	2016	**2015**
	$'000	**$'000**
Statement of profit or loss and other comprehensive income		
Revenue	3,814	3,970
Expenses	(4,783)	(3,842)
(Loss)/Profit for the year attributable to:		
Owners of the Company	(824)	109
Non-controlling interests	(145)	19
	(969)	128
Other comprehensive (loss)/income attributable to:		
Owners of the Company	(315)	326
Non-controlling interests	(56)	58
	(371)	384
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(1,139)	435
Non-controlling interests	(201)	77
	(1,340)	512
Statement of financial position		
Current assets	25,647	1,073
Non-current assets	36	27,265
Current liabilities	(17,457)	(2,942)
Non-current liabilities	–	(15,830)
Equity attributable to owners of the Company	6,992	8,131
Non-controlling interests	1,234	1,435
Cash flows information		
Net cash inflow from operating activities	167	899
Net cash outflow from investing activities	(31)	(6)
Net cash outflow from financing activities	(435)	(671)
Net cash (outflow)/inflow	(299)	222

NOTES TO FINANCIAL STATEMENTS

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17 INVESTMENTS IN SUBSIDIARIES (cont'd)

No dividends were paid by Cranley Group's entities for the financial years ended 2016 and 2015.

For Cranley Group with non-controlling interests ("NCI"), the remaining 15% (2015: 15%) of NCI is held by third parties.

	KOP HK Group	
	2016	**2015**
	$'000	**$'000**
Statement of profit or loss and other comprehensive income		
Expenses	(251)	(3,556)
Loss for the year attributable to:		
Owners of the Company	(128)	(1,814)
Non-controlling interests	(123)	(1,742)
	(251)	(3,556)
Other comprehensive income/(loss) attributable to:		
Owners of the Company	26	(212)
Non-controlling interests	25	(208)
	51	(420)
Total comprehensive loss attributable to:		
Owners of the Company	(102)	(2,026)
Non-controlling interests	(98)	(1,950)
	(200)	(3,976)
Statement of financial position		
Current assets	241	273
Non-current assets	262	299
Current liabilities	(5,198)	(5,066)
Capital deficiency attributable to owners of the Company	(2,393)	(2,290)
Non-controlling interests	(2,302)	(2,204)
Cash flows information		
Net cash (outflow)/inflow from operating activities	(87)	226
Net cash outflow from investing activities	–	(348)
Net cash outflow	(87)	(122)

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17 INVESTMENTS IN SUBSIDIARIES (cont'd)

No dividends were paid by KOP HK Group's entities for the financial years ended 2016 and 2015.

For KOP HK Group with NCI, the remaining 49% (2015: 49%) of NCI is held by a third party.

	Scorpio East Productions Pte. Ltd. 2016 $'000	Scorpio East Productions Pte. Ltd. 2015 $'000
Statement of profit or loss and other comprehensive income		
Revenue	–	367
Other income	150	–
Expenses	(12)	(533)
Profit/(Loss) for the year attributable to:		
Owners of the Company	72	(88)
Non-controlling interests	66	(78)
	138	(166)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	72	(88)
Non-controlling interests	66	(78)
	138	(166)
Statement of financial position		
Current assets	129	71
Current liabilities	(859)	(939)
Capital deficiency attributable to the owners of the Company	(385)	(457)
Non-controlling interests	(345)	(411)
Cash flows information		
Net cash inflow from operating activities	140	43
Net cash outflow from financing activities	(208)	(5)
Net cash (outflow)/inflow	(68)	38

No dividends were paid by Scorpio East Productions Pte. Ltd. for the financial years ended March 31, 2016 and 2015.

For Scorpio East Productions Pte. Ltd. with NCI, the remaining 47.37% (2015: 47.37%) of NCI is held by a third party.

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18 INVESTMENTS IN ASSOCIATED COMPANIES

	GROUP	
	2016	**2015**
	$'000	**$'000**
Cost of investment in associated companies[(1)]	600	600
Share of post-acquisition profit, net of dividend received	6,239	600
	6,839	1,200

Details of the Group's associated companies at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation	Proportion of ownership interest and voting power	
			2016	**2015**
			%	**%**
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 associated company of Epic Land of $25.

(2) Audited for consolidation purpose by Deloitte & Touche LLP, Singapore.

(3) Reviewed for consolidation purpose by Deloitte & Touche LLP, Singapore.

All the above associated companies are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's material associated company is set out below. The summarised financial information below represents amounts shown in the associated company's financial statements prepared in accordance with FRSs.

	Epic Land	
	2016	**2015**
	$'000	**$'000**
Current assets	375,100	514,344
Current liabilities	167,744	279,544
Non-current liabilities	180,000	230,000
Revenue	120,682	16,368
Profit for the year, representing total comprehensive income for the year	22,556	4,800
Dividends received from the associated company during the year	–	–

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18 INVESTMENTS IN ASSOCIATED COMPANIES (cont'd)

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

	2016 $'000	2015 $'000
Net assets of the associated company	27,356	4,800
Proportion of the Group's ownership interest in Epic Land	25%	25%
Carrying amount of the Group's interest in Epic Land	6,839	1,200

The summarised financial information in respect of the Group's immaterial associated company is set out below:

	GROUP	
	2016 $'000	2015 $'000
The Group's share of loss, representing the Group's share of total comprehensive income	–	(72)
Aggregate carrying amount of the Group's interest in this associated company	–	–

19 LONG-TERM NOTES RECEIVABLE

	GROUP	
	2016 $'000	2015 $'000
Principal amount	33,000	39,800
Interest receivables	3,934	925
	36,934	40,725

Long-term 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 long-term notes receivable is interest-bearing at 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 November 12, 2019. During the year ended March 31, 2016, long-term notes receivable amounting to $6,800,000 was redeemed via offsetting against payable to the ultimate holding company (Note 6).

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

20 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Leasehold land and building $'000	Computer $'000	Furniture and fittings $'000	Motor vehicles $'000	Boats $'000	Office equipment $'000	Hotel equipment $'000	Renovation $'000	Machinery and factory equipment $'000	Assets under construction $'000	Total $'000
Cost												
At April 1, 2014	14,982	22,916	637	2,092	1,044	60	123	943	441	–	–	43,238
Arising from RTO (Note 35)	–	18,772	–	19	–	–	42	–	85	2,235	–	21,153
Additions during the year	–	1,104	66	160	129	–	–	113	309	–	–	1,881
Disposals during the year	–	–	–	–	–	–	–	–	–	(2,235)	–	(2,235)
Reclassification to non-current assets held for sale (Note 14)	–	(18,772)	–	–	–	–	–	–	–	–	–	(18,772)
Exchange differences	(390)	(335)	5	183	11	–	19	31	13	–	–	(463)
At March 31, 2015	14,592	23,685	708	2,454	1,184	60	184	1,087	848	–	–	44,802
Additions during the year	–	13	590	128	99	–	18	149	66	7	1,519	2,589
Disposals during the year	–	–	–	(3)	–	–	–	–	–	–	–	(3)
Reclassification from development properties (Note 11)	–	25,322	–	–	–	–	–	–	–	–	5,854	31,176
Reclassification to investment property (Note 21)	–	(1,976)	–	–	–	–	–	–	–	–	–	(1,976)
Reclassification from non-current assets held for sale (Note 14)	–	18,772	–	–	–	–	–	–	–	–	–	18,772
Reclassification to non-current assets held for sale (Note 14)	(13,867)	(11,943)	(44)	(64)	–	–	–	(30)	–	–	–	(25,948)
Exchange differences	(725)	378	(17)	(47)	(9)	–	–	(10)	(14)	–	(898)	(1,342)
At March 31, 2016	–	54,251	1,237	2,468	1,274	60	202	1,196	900	7	6,475	68,070

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

20 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land $'000	Leasehold land and building $'000	Computer $'000	Furniture and fittings $'000	Motor vehicles $'000	Boats $'000	Office equipment $'000	Hotel equipment $'000	Renovation $'000	Machinery and factory equipment $'000	Assets under construction $'000	Total $'000
Accumulated depreciation												
At April 1, 2014	–	1,001	327	374	347	35	121	210	68	–	–	2,483
Depreciation charge during the year (Note 33)	–	1,302	156	454	218	15	27	188	227	523	-	3,110
Disposals during the year	–	–	–	–	–	–	–	–	–	(523)	–	(523)
Reclassification to non-current assets held for sale (Note 14)	–	(395)	–	–	–	–	–	–	–	–	–	(395)
Exchange differences	–	(17)	4	55	2	–	17	9	4	–	–	74
At March 31, 2015	–	1,891	487	883	567	50	165	407	299	–	–	4,749
Depreciation charge during the year (Note 33)	–	1,266	194	499	251	10	36	436	180	1	–	2,873
Disposals during the year	–	–	–	(1)	–	–	–	–	–	–	–	(1)
Reclassification to investment property (Note 21)	–	(89)	–	–	–	–	–	–	–	–	–	(89)
Reclassification from non-current assets held for sale (Note 14)	–	395	–	–	–	–	–	–	–	–	–	395
Reclassification to non-current assets held for sale (Note 14)	–	(950)	(23)	(42)	–	–	–	(18)	–	–	–	(1,033)
Exchange differences	–	941	(5)	(30)	(2)	–	1	(12)	(3)	–	–	890
At March 31, 2016	–	3,454	653	1,309	816	60	202	813	476	1	–	7,784
Carrying amount												
At March 31, 2016	–	50,797	584	1,159	458	–	–	383	424	6	6,475	60,286
At March 31, 2015	14,592	21,794	221	1,571	617	10	19	680	549	–	–	40,053

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

20 PROPERTY, PLANT AND EQUIPMENT (cont'd)

In 2015, the Group's freehold land is located in Bina Gardens in London for the use of providing hospitality services. As at the end of the reporting period, the freehold land is reclassified as "non-current asset held for sale" (Note 14).

The Group's leasehold properties comprise the following:

(i) Property located in Batam in Indonesia for the use of providing hospitality services. The unexpired lease term of the leasehold land is 22 years (2015: 23 years).

(ii) Property located in Seminyak in Indonesia for the use of providing hospitality services. The unexpired lease term of the leasehold land is 18 years. The property and land were reclassified from development properties (Note 11) during the year.

(iii) Property located at 25 Tai Seng Avenue, Singapore 534104. The granted lease term is for a period of 30 years with effect from December 25, 2007 with an entitlement to a further term of 29 years.

The interest expense capitalised during the financial year amounted to $975,000 (Note 31) (2015: $Nil).

The Group has pledged its freehold land and leasehold land and buildings with a total carrying amount of $50,797,000 (2015: $36,386,000) to secure the bank overdrafts, borrowings and banking facilities as disclosed in Note 24 to the financial statements.

Borrowing costs capitalised during the financial year were from loans borrowed specifically for the construction of building.

As at the end of the reporting period, the carrying amount of motor vehicles held under finance leases is $119,000 (2015: $205,000).

Company	**Computer** **$'000**
Cost:	
Additions and balance as at March 31, 2016	2
Accumulated depreciation:	
Additions and balance as at March 31, 2016	*
Carrying amount:	
At March 31, 2016	2
At March 31, 2015	–

*: Amount is less than one thousand.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

21 INVESTMENT PROPERTY

	GROUP	
	2016	**2015**
	$'000	**$'000**
At fair value		
Arising from RTO (Note 35)	–	7,143
Reclassification from property, plant and equipment (Note 20)	1,887	–
Reclassification from/(to) non-current assets held for sale (Note 14)	8,037	(8,037)
(Loss)/Gain from fair value adjustments charged/credited to profit or loss (Note 33)	(225)	894
	9,699	–

Fair value measurement of the Group's investment property

As at the end of the reporting period, the fair value of the Group's investment property has been determined on the basis of valuation carried out by an independent valuer on March 31, 2016 and 2015, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was arrived using Comparable Sales Method (2015: Comparable Sales Method), based on assumption that investment property has a tenure of 30 years with effect from December 25, 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. There has been no change to the valuation technique during the year.

Details of the Group's investment property and information about the fair value hierarchy as at March 31, 2015 and 2016 are as follows:

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Fair value as at March 31, 2015 $'000**
Investment property located at 25 Tai Seng Avenue, KOP Building #03-01, #03-02, #03-03, #04-01 and #04-02, #05-01 and #05-02, Singapore 534104	–	–	8,037	8,037

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

21 INVESTMENT PROPERTY (cont'd)

Fair value measurement of the Group's investment property (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at March 31, 2016 $'000
Investment property located at 25 Tai Seng Avenue, KOP Building #02-01, #03-01, #03-02, #03-03, #04-01 and #04-02, Singapore 534104	–	–	9,699	9,699

There were no transfers between Levels during the year.

The following table shows the significant unobservable inputs used in the valuation model:

	Fair value as at March 31, 2016 $'000	Fair value as at March 31, 2015 $'000	Valuation technique(s) $'000	Significant unobservable input(s) $'000
Investment property				
Gross floor: 23,900 sq ft (2015: 19,000 sq ft)	9,699	8,037	Comparable sales method	Price per square meter[1]

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

The property rental income from the Group's investment property all of which are leased out under operating leases, amounted to $363,000 (2015: $650,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $238,000 (2015: $235,000).

The investment property is pledged to secure bank overdrafts, borrowings and banking facilities (Note 24).

For the preceding financial year ended March 31, 2015, the investment property was classified as "non-current asset held for sale" (Note 14).

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

22 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 COC development properties[1] $'000	Accelerated accounting depreciation over tax depreciation $'000	Others $'000	Total $'000
GROUP				
At April 1, 2014	(1,197)	(39)	(431)	(1,667)
Tax payable on cash received	62	–	–	62
(Credited)/Charged to profit or loss	–	(3)	67	64
Exchange differences	–	1	6	7
At March 31, 2015	(1,135)	(41)	(358)	(1,534)
Tax payable on cash received	603	–	–	603
Charged to profit or loss	–	42	326	368
Exchange differences	–	(1)	(4)	(5)
At March 31, 2016	(532)	–	(36)	(568)

(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.

No deferred tax assets have been recognised in respect of the unutilised tax losses and capital allowances due to the unpredictability of future profit streams. The unutilised tax losses of $34,854,000 (2015: $34,786,000) and capital allowances of $143,000 (2015: $1,378,000) may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

22 DEFERRED TAX (cont'd)

(b) Deferred tax liabilities

	Accelerated tax depreciation over accounting depreciation $'000	Interest income not received $'000	Others $'000	Total $'000
GROUP				
At April 1, 2014	67	1,737	–	1,804
Redemption of 2013 Junior Notes	–	(1,737)	–	(1,737)
Arising from RTO (Note 35)	–	–	1,172	1,172
Transferred to liabilities directly associated with assets classified as held for sale (Note 14)	–	–	(1,172)	(1,172)
Credited to profit or loss	(9)	–	–	(9)
At March 31, 2015	58	–	–	58
Transferred from liabilities directly associated with assets classified as held for sales (Note 14)	–	–	1,172	1,172
At March 31, 2016	58	–	1,172	1,230

For the unremitted income from overseas subsidiaries, no deferred tax liability had been recognised for undistributed profits of $Nil (2015: $843,000) for the Group's subsidiaries in the United Kingdom as there is no withholding tax payable on the undistributed profits for United Kingdom subsidiaries.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

23 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
Third parties	7,558	2,116	165	–
Non-trade payables:				
Subsidiaries (Notes 6 and 17)	–	–	4,674	2,182
Ultimate holding company (Note 6)	27,545	19,441	–	–
Related companies (Note 6)	4,031	6,278	–	–
Third parties	4,451	1,814	148	44
Accrued operating expenses	2,183	4,050	236	217
Accrued development costs	–	3,053	–	–
Advances from non-controlling interests	2,993	4,982	–	–
Amounts due to directors (Note 7)	79	117	–	–
Deposits received[1]	562	689	–	–
	49,402	42,540	5,223	2,443

(1) The deposits received include non-refundable deposits of $420,000 (2015: $557,000).

The average credit period on purchases of goods and services ranges between 30 to 120 days (2015: 30 to 120 days). No interest is charged on the overdue balances.

The non-trade payables to subsidiaries, ultimate holding company, related companies and related party are unsecured, interest-free and repayable on demand.

The advances from non-controlling interests are unsecured, interest-free and repayable on demand.

The amounts due to directors are unsecured, interest-free and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

24 BANK OVERDRAFTS AND BORROWINGS (SECURED)

	GROUP	
	2016	**2015**
	$'000	**$'000**
Bank overdrafts (Note 8)	6,425	185
Revolving credit facility	4,000	4,000
Bank loans	26,776	39,863
	37,201	44,048
Less: Amount due for settlement within 12 months (shown under current liabilities)	(17,971)	(12,026)
Amount due for settlement after 12 months	19,230	32,022

The Group's bank borrowings comprise the followings:

(a) Bank overdrafts

The bank overdrafts are denominated in SGD, bear an effective interest rate of 5.75% (2015: 5.25%) per annum and are repayable within 12 months. The bank overdrafts are 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.

(b) Revolving credit facility

The revolving credit facility ("RC") of $4,000,000 is denominated in SGD, bears interest at 4.45% (2015: 3.70%) per annum and matures on April 1, 2016. The RC is 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.

(c) 5-year SGD term loan

The 5-year SGD term loan of $1,082,000 (2015: $3,611,000) bears interest at 6.00% (2015: 6.00%) per annum. The loan is to be repaid over 60 monthly instalments after its first drawdown. The loan is secured by legal mortgage of the leasehold land and building of the subsidiary and corporate guarantee from a subsidiary. The net carrying amount of the loan was stated net of the loan facility fee totalling $73,000 (2015: $161,000). Such expenses were amortised over the life of the loan by charging the expenses to profit or loss and increasing the net carrying amount of the loan with the corresponding amount. As of March 31, 2016, the accumulated amortisation amounted to $367,000 (2015: $279,000).

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

24 BANK OVERDRAFTS AND BORROWINGS (SECURED) (cont'd)

(d) 5-year USD term loan

The 5-year USD term loan of $2,800,000 (2015: $5,479,000) bears interest at 7.00% (2015: 7.00%) per annum. The loan is to be repaid over 60 monthly instalments after its first drawdown. The loan is secured by legal mortgage of the leasehold land and building of the subsidiary and corporate guarantee from a subsidiary. The net carrying amount of the loan was stated net of the loan facility fee totalling $90,000 (2015: $183,000). Such expenses were amortised over the life of the loan by charging the expenses to profit or loss and increasing the net carrying amount of the loan with the corresponding amount. As of March 31, 2016, the accumulated amortisation amounted to $327,000 (2015: $234,000).

(e) 7-year USD term loan

The 7-year USD term loan of $12,974,000 (2015: $14,857,000) bears interest at 7.00% (2015: 7.00%) per annum. The loan is to be repaid over 84 monthly instalments after its first drawdown. The loan is secured by legal mortgage of the leasehold land and building (2015: development properties) of the subsidiary, personal guarantee from directors of the Company and corporate guarantee from a subsidiary.

(f) 5-year SGD term loan

As at March 31, 2015, the 5-year SGD term loan of $16,260,000 bore interest at 1.75% per annum plus the 3-months Cost of Funds. The loan is presented as part of liabilities directly associated with assets classified as held for sale as at March 31, 2016. Further details are disclosed in Note 14.

(g) SGD land and building loan

The SGD land and building loan of $10,083,000 (2015: $11,212,000) bears interest at 3.20% (2015: 2.63%) per annum which is based on 2.00% above Cost of Funds. The term loans were drawdown in 3 tranches and are repayable in 180 and 60 equal monthly payment respectively, commencing from May 1, 2009. The term loans are secured by legal mortgage of the investment property, leasehold land and building of the subsidiary and corporate guarantee from the Company. The loan was presented as part of liabilities directly associated with assets classified as held for sale as at March 31, 2015. Further details were disclosed in Note 14.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

25 FINANCE LEASES

	GROUP			
	Minimum lease payments		**Present value of minimum lease payments**	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Amounts payable under finance leases:				
Within one year	61	821	53	796
Between two to five years	183	238	173	220
After five years	–	6	–	6
	244	1,065	226	1,022
Less: Future finance charges	(18)	(43)	–	–
Present value of lease obligations	226	1,022	226	1,022
Less: Amount due for settlement within 12 months (shown under current liabilities)			(53)	(796)
Amount due for settlement after 12 months			173	226

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The term of the finance lease ranges between 7 to 8 years (2015: 3 to 8 years) and bear interest rate of 1.88% to 2.80% per annum (2015: 1.80% to 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 20).

26 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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

27 SHARE CAPITAL

	GROUP	
	2016	**2015**
	$'000	**$'000**
Issued and paid-up capital:		
Balance at beginning of the year	67,861	15,000
Consideration issued for acquiring of Scorpio Group	–	31,401
Issuance of shares for cash[3]	–	21,460
Balance at end of the year	67,861	67,861

	COMPANY			
	2016	**2015**	**2016**	**2015**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid-up capital:				
Balance at beginning of the year	886,369,771	184,168,117	283,427	18,396
After consolidation of share[1]	–	(92,084,060)	–	–
Issuance of consideration shares[2]	–	714,285,714	–	243,571
Issuance of shares for cash[3]	–	80,000,000	–	21,460
Balance at end of the year	886,369,771	886,369,771	283,427	283,427

(1) On May 6, 2014, the Company completed the consolidation of every two existing ordinary shares into one ordinary share.

(2) On May 6, 2014, pursuant to the consolidation of the existing shares, the Company completed the RTO through acquiring 100% of the issued and paid-up share capital of KOP Properties Pte. Ltd. for a consideration of $243,571,000 for 714,285,714 new ordinary shares at the closing price of $0.341 and change its name to KOP Limited.

(3) On May 12, 2014, pursuant to the RTO, 80,000,000 new ordinary shares of the capital of the Company were allotted and issued to the subscribers in accordance with the terms and subject to the conditions of the placement agreement dated May 9, 2014, for a net cash consideration of $21,460,000.

The new shares ranked pari passu in all respects with the existing issued ordinary shares.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

28 REVENUE

	GROUP	
	2016	**2015**
	$'000	**$'000**
Management and coordination fee	479	1,109
Hotel and resort operations	12,539	12,168
Sale of development properties	7,625	2,358
Sale of tickets	–	306
Sale of goods	97	705
Assignment of distribution rights	3,338	492
Content production	19	49
Sponsorship income	–	38
Rental income	363	1,297
Others	4	61
	24,464	18,583

29 INVESTMENT INCOME

Investment income represented gain on redemption of 2013 Royce's Junior Notes during the preceding financial year ended March 31, 2015.

30 OTHER OPERATING INCOME

	GROUP	
	2016	**2015**
	$'000	**$'000**
Commission income	330	283
Allowance for doubtful receivables written back	524	–
Net foreign exchange gains	–	299
Fair value gain on investment property (Note 21)	–	894
Government grants received	52	68
Interest income from third parties	15	29
Interest income from associated company	909	456
Interest income from associate	–	220
Interest income receivables from long-term notes receivable (Note 19)	3,009	925
Interest income on financial assets carried at amortised cost (Note 9)	13	14
Legal claim received	–	440
Other income	451	45
	5,303	3,673

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

31 FINANCE COSTS

	GROUP	
	2016	**2015**
	$'000	**$'000**
Interest expense to third party:		
– Bank overdrafts	233	71
– Revolving credit facility	154	198
– Bank loans	2,316	2,821
– Others	35	82
	2,738	3,172
Less: Amount capitalised in development properties (Note 11)	(487)	(1,933)
Less: Amount capitalised in property, plant and equipment (Note 20)	(975)	–
	1,276	1,239

32 INCOME TAX EXPENSE

	GROUP	
	2016	**2015**
	$'000	**$'000**
Tax expense attributable to profit or loss is made up of:		
Income tax:		
– Current year	924	288
– Overprovision in prior years	(1,027)	(16)
Deferred tax	368	55
Tax penalty[1]	–	248
	265	575

(1) Tax penalty relates to the penalty levied by overseas tax authority for late-payment of tax liabilities in prior years.

Domestic income tax is calculated at 17% (2015: 17%) of its estimated assessable profit for the years.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

32 INCOME TAX EXPENSE (cont'd)

The total income tax for the years can be reconciled to the accounting profit as follows:

	GROUP	
	2016	**2015**
	$'000	**$'000**
Profit before tax	402	11,381
Share of results from interest in associate	–	1,920
Share of results from investments in associated companies	(5,639)	(1,128)
(Loss)/Profit before tax and before share of results of associates	(5,237)	12,173
Income tax (benefit)/expense calculated at domestic tax rate of 17%	(890)	2,069
Expenses not deductible for tax purposes	2,624	4,618
Deferred tax assets not recognised	950	2,127
Deferred tax assets not available to be carried forward	132	–
Tax exemption	(1)	(5)
Overprovision of tax in prior years	(1,027)	(16)
Tax penalty	–	248
Income not subjected to tax	(1,249)	(8,114)
Different tax rates of subsidiaries operating in other jurisdictions	(12)	(198)
Utilisation of previously unrecognised tax losses	(304)	(126)
Others	42	(28)
	265	575

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

32 INCOME TAX EXPENSE (cont'd)

The Group has unutilised tax losses available for offsetting against future taxable income as follows:

	Unutilised tax losses		Unutilised capital allowances		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
GROUP						
Balance at beginning of the year	34,786	10,618	1,378	–	36,164	10,618
Arising from RTO	–	12,399	–	1,378	–	13,777
Amounts utilised	(1,790)	(743)	–	–	(1,790)	(743)
Arising during the year	5,587	12,512	–	–	5,587	12,512
Adjustment	(3,729)	–	(1,235)	–	(4,964)	–
Balance at end of the year	34,854	34,786	143	1,378	34,997	36,164
Deferred tax assets not recognised					5,949	6,148

The realisation of the future income tax benefits from tax losses and capital allowances carryforward is available for an indefinite period subject to the conditions imposed by law including the retention of majority shareholders as defined.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

33 PROFIT AFTER TAX

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

	GROUP	
	2016	**2015**
	$'000	**$'000**
Directors' remuneration:		
– of the Company	1,760	1,486
– of the subsidiaries	802	626
	2,562	2,112
Directors' fees	120	110
Employee benefits expense (including directors' remuneration)	5,399	7,270
Defined contribution plans (included in employee benefits expense)	439	512
Audit fees:		
– paid to auditors of the Company	181	175
– paid to other auditors	38	121
Non-audit fees:		
– paid to auditors of the Company	–	50
Allowance for doubtful receivables (Note 9)	1,097	529
Allowance for doubtful receivables written back (Note 9)	(524)	–
Depreciation of property, plant and equipment (Note 20)	2,873	3,110
Amortisation of intangible assets (Note 15)	52	334
Rental expenses	696	844
Goodwill written off (Note 16)	–	18,033
Impairment of prepaid film rights (Note 13)	91	52
Impairment of intangible assets (Note 15)	166	–
Loss on disposal of property, plant and equipment	–	284
Cost of inventories recognised as expenses	4,087	6,797
Allowance for inventories written down value (Note 12)	–	49
Cost of development properties recognised as expenses	6,093	2,661
Net foreign exchange losses/(gains)	1,488	(299)
Loss/(Gain) on fair value adjustment of investment property	225	(894)
Professional fees in relation to RTO	–	461

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

34 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares.

	GROUP	
	2016	**2015**
Net profit attributable to equity holders of the Company ($'000)	346	12,607
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	886,369,771	868,724,326
Basic and diluted earnings per share (cents per share)	0.04	1.45

35 ACQUISITION OF SUBSIDIARIES

As disclosed in Note 2 to the financial statements, KOPP became the parent of the Group for accounting purposes, and the Company and its subsidiaries before the RTO became the accounting acquiree. The net assets acquired and the goodwill arising from RTO were as follows:

	GROUP 2015 $'000
Consideration transferred:	
Equity instruments issued as settlement of purchase consideration[(1)]	31,401

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

35 ACQUISITION OF SUBSIDIARIES (cont'd)

	GROUP 2015 $'000
Cash and bank balances	485
Trade and other receivables	2,323
Inventories	114
Prepaid film rights (Note 13)	448
Intangible assets (Note 15)	677
Property, plant and equipment (Note 20)	21,153
Investment property (Note 21)	7,143
Total assets	32,343
Bank borrowings	12,512
Finance leases	1,355
Trade and other payables	4,219
Income tax payables	4
Deferred tax liabilities [Note 22(b)]	1,172
Total liabilities	19,262
Fair value of net assets acquired	13,081
Add: Non-controlling interests	287
Less: Consideration transferred (Note 27)	(31,401)
Goodwill arising from RTO(2) (Note 16)	18,033
Net cash inflow arising from RTO:	
Cash and bank balances arising from RTO	485

(1) The consideration was based on the Company's entire share capital of 184,168,117 shares before the RTO using fair value of $0.1705 per share, representing the fair value of the issued equity of the Company before the RTO.

(2) On RTO, the goodwill represented the excess of purchase consideration over the fair value of the net assets acquired. The goodwill arose from the difference in share price from the date of the announcement of the RTO of Scorpio Group to the completion date.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

35 ACQUISITION OF SUBSIDIARIES (cont'd)

Acquisition-related costs amounting to $461,000 had been excluded from the consideration transferred and had been recognised as an expense in the period, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Impact of acquisition on the results of the Group:

Had the acquisition been completed on the first day of the financial year, the Group's revenue and profit after tax would have been $19,726,000 and $9,930,000 respectively.

36 CONTINGENT LIABILITIES

	COMPANY	
	2016	2015
	$'000	$'000
Corporate guarantee to financial institutions for subsidiaries' banking facilities (Notes 14 and 24)	36,333	31,657
Corporate guarantee to financial institutions for associated company's banking facilities	52,514	94,241
	88,847	125,898

Management has performed an assessment of the fair value of the financial guarantee provided to its subsidiaries and associated company and is of the opinion that the fair value of the above corporate guarantees is not material.

On May 13, 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 (Note 6) and a non-controlling shareholder of a subsidiary. Management is of the opinion that there are no merits to the claims.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

37 COMMITMENTS

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

	GROUP	
	2016	**2015**
	$'000	**$'000**
Distribution rights and production films	297	1,215
Development properties	3,676	27,742
Property, plant and equipment	8,823	535
Advisory fee for real estate management project	470	–
	13,266	29,492

38 OPERATING LEASE ARRANGEMENTS

The Group as Lessor

The Group rents out its investment property and equipment 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	
	2016	**2015**
	$'000	**$'000**
Within one year	144	323
Between two to five years	144	24
	288	347

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

38 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as Lessee

	GROUP	
	2016	**2015**
	$'000	**$'000**
Minimal lease payments under operating leases recognised as an expense in the year	563	673

At the end of the reporting period, the Group has commitments in respect of the non-cancellable operating leases for the rental of premises as follows:

	GROUP	
	2016	**2015**
	$'000	**$'000**
Within one year	562	696
Between two to five years	35	616
	597	1,312

Operating lease payments represent rentals payable by the Group for its rented premises. Leases are negotiated for an average term of 3 years (2015: 3 years) and rentals are fixed for an average of 3 years (2015: 3 years).

39 SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker has focused on the business operating units which in turn, are segregated based on their products and services. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

39 SEGMENT INFORMATION (cont'd)

The Group's reportable operating segments under FRS 108 are as follows:

Segment	Principal activities
Real estate development and investment	The development, construction and sale of development properties.
Real estate 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.
Hospitality	Management and operation of hotels, including restaurants and spas.
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.
Corporate office	Management fee income from subsidiaries.

The accounting policies of the reportable segments are described in Note 3 to the financial statements. 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. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources, the chief operating decision maker 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.

Corporate office consists of shared corporate assets and liabilities that could not be specifically allocated to each reportable segment.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

39 SEGMENT INFORMATION (cont'd)

Information regarding the Group's reportable segments is presented in the tables below:

	Real estate development and investment $'000	Real estate management services $'000	Hospitality $'000	Entertainment $'000	Corporate office $'000	Inter-segment eliminations $'000	Total $'000
2016							
Revenue							
Revenue from external customers	7,625	482	12,539	3,818	–	–	24,464
Inter-segment revenue	–	–	795	196	2,904	(3,895)	–
Total revenue	**7,625**	**482**	**13,334**	**4,014**	**2,904**	**(3,895)**	**24,464**
Results							
Segment results	945	(2,531)	(958)	1,106	(2,523)	–	(3,961)
Finance costs	–	(24)	(527)	(725)	–	–	(1,276)
Share of results from investments in associated companies	5,639	–	–	–	–	–	5,639
Reportable profit/(loss)	6,584	(2,555)	(1,485)	381	(2,523)	–	402
Income tax (expense)/ credit	(897)	1,030	(398)	–	–	–	(265)
Profit/(loss) for the year	5,687	(1,525)	(1,883)	381	(2,523)	–	137
Other information							
Interest income	914	3,016	3	13	–	–	3,946
Depreciation of property, plant and equipment	(479)	(248)	(1,780)	(366)	–	–	(2,873)
Amortisation of intangible assets	–	–	–	(52)	–	–	(52)
Allowance for doubtful receivables	–	(1,045)	(35)	(17)	–	–	(1,097)
Allowance of doubtful debts written back	–	–	–	524	–	–	524
Fair value loss on investment property	–	–	–	(225)	–	–	(225)
Impairment of intangible assets	–	–	–	(166)	–	–	(166)
Impairment of prepaid film rights	–	–	–	(91)	–	–	(91)

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

39 SEGMENT INFORMATION (cont'd)

Information regarding the Group's reportable segments is presented in the tables below:

	Real estate development and investment $'000	Real estate management services $'000	Hospitality $'000	Entertainment $'000	Corporate office $'000	Inter-segment eliminations $'000	Total $'000
2016							
Reportable segment assets	74,690	38,706	61,516	27,895	60	–	202,867
Unallocated assets:							
Deferred tax assets							568
							203,435
Reportable segment assets included:							
Additions to non-current assets	46	6	2,492	45	–	–	2,589
Reportable segment liabilities	10,554	34,058	40,872	21,807	548	–	107,839
Unallocated liabilities:							
Income tax payables							1,219
Deferred tax liabilities							1,230
							110,288

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

39 SEGMENT INFORMATION (cont'd)

Information regarding the Group's reportable segments is presented in the tables below:

	Real estate development and investment $'000	Real estate management services $'000	Hospitality $'000	Entertainment $'000	Corporate office $'000	Inter-segment eliminations $'000	Total $'000
2015							
Revenue							
Revenue from external customers	3,004	1,140	12,168	2,271	–	–	18,583
Inter-segment revenue	–	59	737	761	1,298	(2,855)	–
Total revenue	**3,004**	**1,199**	**12,905**	**3,032**	**1,298**	**(2,855)**	**18,583**
Results							
Segment results	41,396	(7,092)	1,158	(18,538)	(3,512)	–	13,412
Finance costs	–	(107)	(553)	(579)	–	–	(1,239)
Share of results from interest in associate	(1,920)	–	–	–	–	–	(1,920)
Share of results from investments in associated companies	1,200	–	–	(72)	–	–	1,128
Reportable profit/(loss)	40,676	(7,199)	605	(19,189)	(3,512)	–	11,381
Income tax expense	(555)	4	(24)	–	–	–	(575)
Profit/(loss) for the year	40,121	(7,195)	581	(19,189)	(3,512)	–	10,806
Other information							
Interest income	474	1,152	4	14	–	–	1,644
Gain on redemption of 2013 Junior Notes	43,002	–	–	–	–	–	43,002
Depreciation of property, plant and equipment	(1,195)	(312)	(622)	(981)	–	–	(3,110)
Amortisation of intangible assets	–	–	–	(334)	–	–	(334)
Allowance for doubtful receivables	–	(455)	(63)	(11)	–	–	(529)
Loss on disposal of property, plant and equipment	–	–	–	(284)	–	–	(284)
Fair value gain on investment property	–	–	–	894	–	–	894
Allowance for inventories written down value	–	–	–	(49)	–	–	(49)
Impairment of prepaid film rights	–	–	–	(52)	–	–	(52)
Goodwill written off	–	–	–	(18,033)	–	–	(18,033)

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

39 SEGMENT INFORMATION (cont'd)

Information regarding the Group's reportable segments is presented in the tables below:

	Real estate development and investment $'000	Real estate management services $'000	Hospitality $'000	Entertainment $'000	Corporate office $'000	Inter-segment eliminations $'000	Total $'000
2015							
Reportable segment assets	142,280	4,153	30,902	27,732	342	–	205,409
Unallocated assets:							
Deferred tax assets							1,534
							206,943
Reportable segment assets included:							
Additions to non-current assets	1,104	367	409	1	–	–	1,881
Reportable segment liabilities	58,950	7,842	24,843	18,149	1,441	–	111,225
Unallocated liabilities:							
Income tax payables							2,295
Deferred tax liabilities							58
							113,578

Geographical information

The operations of the Group, except for the property development in Indonesia and hotel management in United Kingdom, are principally located in Singapore.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding long-term notes receivables and deferred tax assets) by geographical locations are detailed below:

	REVENUE		NON-CURRENT ASSETS	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
GROUP				
Singapore	4,301	3,038	33,145	2,080
United Kingdom	3,814	4,343	–	26,469
Indonesia	16,349	11,202	43,543	12,749
People's Republic of China	–	–	262	299
	24,464	18,583	76,950	41,597

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

39 SEGMENT INFORMATION (cont'd)

Information about major customers

The Group did not have any single customer contributing 10% or more of its revenue for the financial years ended March 31, 2016 and 2015.

40 EVENT AFTER REPORTING PERIOD

Other than those disclosed in the financial statements, Royce Properties Pte. Ltd. partially redeemed its 2014 Junior Notes of $21,000,000 via offsetting against payable to the ultimate holding company (Note 6) on April 1, 2016.

STATISTICS OF SHAREHOLDING

As at June 13, 2016

Class of Shares	:	Ordinary share
No. of Shares (excluding treasury shares)	:	886,369,771
Voting rights	:	One vote per share
No. of treasury shares and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	3	0.26	64	0.00
100 – 1,000	312	26.80	188,744	0.02
1,001 – 10,000	277	23.80	1,728,600	0.20
10,001 – 1,000,000	534	45.88	64,034,305	7.22
1,000,001 and above	38	3.26	820,418,058	92.56
TOTAL	**1,164**	**100.00**	**886,369,771**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	United Overseas Bank Nominees (Private) Limited	533,717,026	60.21
2	BNP Paribas Nominees Singapore Pte Ltd	72,602,857	8.19
3	DBS Nominees (Private) Limited	32,641,738	3.68
4	UOB Kay Hian Private Limited	25,703,000	2.90
5	Han Seng Juan	18,750,000	2.12
6	OCBC Securities Private Limited	18,508,100	2.09
7	Maybank Kim Eng Securities Pte Ltd	17,851,700	2.01
8	Low Kheng Hong @ Lau Kheng Hong	14,150,262	1.60
9	Ong Phang Hoo (Wang Bangfu)	12,750,000	1.44
10	Raffles Nominees (Pte) Limited	10,119,400	1.14
11	Citibank Nominees Singapore Pte Ltd	7,779,000	0.88
12	Ong Siew Ting Geraldine	7,000,000	0.79
13	Ang Yew Lai	6,250,000	0.71
14	Bank Of Singapore Nominees Pte Ltd	3,717,000	0.42
15	Ong Hoi Lian	3,000,000	0.34
16	Committee Of The Person And Estate Of Neo Meng Hwa	2,320,500	0.26
17	Maybank Nominees (Singapore) Private Limited	2,250,000	0.25
18	DB Nominees (Singapore) Pte Ltd	2,245,000	0.25
19	Owi Kek Hean	2,000,000	0.23
20	Ko Chuan Aun	1,900,500	0.21
	TOTAL	**795,256,083**	**89.72**

STATISTICS OF SHAREHOLDING

As at June 13, 2016

SUBSTANTIAL SHAREHOLDERS AS AT 13 JUNE 2016

(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	48.35
Ong Chih Ching[2]	1,100,000	0.12	493,247,143	55.65
Leny Suparman[3]	1,000,000	0.11	459,257,142	51.81
Wang Xuan[4]	–	–	72,602,857	8.19

Notes:

1 KOP Group Pte. Ltd. is deemed to be interested in 428,571,428 ordinary shares held through United Overseas Bank Nominees (Private) Limited.

2 Ms. Ong Chih Ching is deemed to be interested in (i) 428,571,428 ordinary shares held by KOP Group Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50; (ii) 64,175,715 ordinary shares held by United Overseas Bank Nominees (Private) Limited and (iii) 500,000 shares held through Citibank Nominees Singapore Pte. Ltd.

3 Ms. Leny Suparman is deemed to be interested in the 428,571,428 ordinary shares held by KOP Group Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 and 30,685,714 ordinary shares held by United Overseas Bank Nominees (Private) Limited.

4 Ms. Wang Xuan is deemed to be interested in the 72,602,857 ordinary shares held by BNP Paribas Nominees Singapore Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 13 June 2016, 27.82% 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 Twelfth Annual General Meeting ("**AGM**") of KOP Limited (the "**Company**") will be held at 25 Tai Seng Avenue #01-01 KOP Building Singapore 534104 on Thursday, 28 July 2016 at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$120,000 for the financial year ending 31 March 2017 to be paid quarterly in arrears (2016: S$120,000). **Resolution 2**

3. To re-elect the following Directors retiring pursuant to Regulation 107 of the Constitution of the Company:

   Ms. Ong Chih Ching **Resolution 3**
   Mr. Lee Kiam Hwee **Resolution 4**

   [See Explanatory Note (i)]

4. To re-appoint of Dr Ho Kah Leong @ Ho Kah Leung, a Director of the Company who is over 70 years of age, retiring pursuant to Section 153(6) of the Companies Act, Chapter 50. **Resolution 5**

   [See Explanatory Note (ii)]

5. To re-appoint Messrs Deloitte & Touche LLP, Certified Public Accountants and Chartered Accountants, as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

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 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,

(the "**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) 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) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(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) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

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

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

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **Resolution 7**

[See Explanatory Note (iii)]

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

That:

(a) for the purposes of Section 76C and 76E of the Companies Act, Chapter 50 (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 Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

NOTICE OF ANNUAL GENERAL MEETING

(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 Listing Manual (Section B: Rules of Catalist) of the SGX-ST ("**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 (the "**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 Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by Shareholders in general meeting;

(c) in this Resolution:

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **Resolution 8**

[See Explanatory Note (iv)]

9. **Adoption of a New Constitution**

That:

(a) the proposed constitution set out in the circular to shareholders of the Company dated 5 July 2016 submitted to this meeting, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association of the Company; and

(b) 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 this Resolution. **Resolution 9**

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 5 July 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

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

(ii) Dr Ho Kah Leong @ Ho Kah Leung who is over the age of 70 was re-appointed as Director to hold office from the date of the last Annual General Meeting held on 29 July 2015 until this AGM pursuant to Section 153(6) of the Companies Act, Chapter 50. Section 153(6) of the Companies Act, Chapter 50 was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As his appointment lapses at this AGM, Dr Ho Kah Leong @ Ho Kah Leung will have to be re-appointed to continue in office. Upon his re-appointment at the conclusion of this AGM, going forward, Dr Ho Kah Leong @ Ho Kah Leung's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Chapter 50 as repealed. Dr Ho Kah Leong @ Ho Kah Leung will then be subject to retirement by rotation under the Company's Constitution. Upon his re-appointment as a Director of the Company at the conclusion of this AGM, he remains as the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

(iii) Resolution 7 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) 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) 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.

NOTICE OF ANNUAL GENERAL MEETING

(iv) Resolution 8 above is to approve the renewal of the Share Purchase Mandate. Detailed information relating to Resolution 8 is set out in the circular to shareholders of the Company dated 5 July 2016 ("**Circular**").

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 amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired. 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 the Group for the financial year ended 31 March 2016 are set out in the Paragraph 2.7 of the Circular.

Notes:

1. (a) A member who is not a Relevant Intermediary entitled to attend and vote at the Annual General Meeting (the "**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 25 Tai Seng Avenue #06-01 KOP Building Singapore 534104 not less than forty-eight (48) hours before the time appointed for the Meeting.

5. A proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

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 Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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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** (the "**Company**"), hereby appoint:

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

*and/or (delete as appropriate)

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

as my/our proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 25 Tai Seng Avenue #01-01 KOP Building Singapore 534104 on Thursday, 28 July 2016 at 11.00 a.m. and at any adjournment thereof. I/We* direct my/our proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

No.	Resolutions relating to:	No. of Votes 'For'**	No. of Votes 'Against'**
Ordinary Business			
1	Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2016		
2	Approval of Directors' fees amounting to S$120,000 for the financial year ending 31 March 2017		
3	Re-election of Ms. Ong Chih Ching as a Director		
4	Re-election of Mr. Lee Kiam Hwee as a Director		
5	Re-appointment of Dr. Ho Kah Leong @ Ho Kah Leung as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50		
6	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors of the Company to fix their remuneration		
Special Business			
7	Authority to allot and issue new shares		
8	Renewal of the Share Purchase Mandate		
9	Adoption of a New Constitution		

* *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 ______________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Member 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. 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 25 Tai Seng Avenue #06-01 KOP Building Singapore 534104 not less than forty-eight (48) 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 5 July 2016.

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