



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

RESPONSE TO QUESTIONS FROM SHAREHOLDERS AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS")

The Board of Directors (the "**Board**") of KOP Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the questions raised from shareholders and SIAS in relation to the Company's annual report for financial year ended 31 March 2022 ("**FY2022**"). The Board would like to thank shareholders for submitting their questions in advance of the Company's FY2022 Annual General Meeting ("**AGM**") to be held on 23 September 2022.

The Company sets out below our responses to questions raised by the shareholders.

Question 1

- (i) **Can we have some timeline on the arbitration settlement and receipt of proceeds?**
- (ii) **What is the valuation of KOP's stake in Wintastar based on the report submitted to court? I understand there will be 2 reports, I am referring to the one done by KOP's valuer.**
- (iii) **Intention of proceeds allocation?**
- (iv) **Will the debt owing to Mr Sam Goi and/or KOP Group be settled?**
- (v) **Will there be any foreseeable issues to send the money back to Singapore?**
- (vi) **Will they be any special dividend from this big unlocking value exercise?**
- (vii) **How is the business of the Company coming along, especially the Montigo Resorts since reopening post Covid?**
- (viii) **How are the sales of Dalvey and stage of completion?**
- (ix) **What are new projects are in the pipeline?**
- (x) **I would like to know the strike price for the conversion of the debt owing to Mr Sam Goi and KOP Group and amount owed till date.**

Company's Response

- (i) As set out in the announcement dated 9 September 2022, the arbitrator has requested and SHIAC had agreed for an extension of time for the judgement to be delivered. The extension of time for the judgement is until 2 October 2022. The Company will make further announcements as and when there are further developments on this matter.

- (ii) As set out in the announcement dated 29 July 2022, the Company's legal adviser had advised that it is more appropriate to disclose the full details of the arbitration, the outcome and financial impact once the final arbitration award is made, in order not to prejudice the final judgement.
- (iii) As set out in the announcement dated 29 July 2022, pending the final arbitration award, the Company is at the present time unable to quantify the quantum of the arbitration and the full financial impact on the Group.

As of the date of this announcement, there is no specific allocation on the use of proceeds. The proceeds are likely but not limited to use for future expansion opportunities in key hospitality sectors, repayment of the loan from shareholder, repayment of loan from ultimate holding company and general working capital.

- (iv) Please refer to the Company's response to question 1 (iii) above.
- (v) The Company currently does not foresee any issues in sending the money back to Singapore.
- (vi) Pending the final arbitration award, the Company is at the present time unable to quantify the quantum of the arbitration and the full financial impact on the Group. Thus, the Company is at the present time unable to determine if there is any dividend to be declared.
- (vii) With the lifting of the travel restrictions by various countries, Montigo Resorts, Nongsa and Montigo Resorts, Seminyak are fully opened and since May 2022, we have witnessed recovery close to pre-COVID period. We have also been refurbishing the two existing resort rooms and facilities during the lull period to ensure that they meet the expectations of our guests. New facilities are being developed and updating of our existing concepts at the resorts have been done to ensure that the guests have a wonderful experience. The Group is cautiously optimistic and anticipates higher occupancy rates in the next 12 months from the date of authorisation of the financial statements which will ultimately improve cash flows.
- (viii) As disclosed in the Company's annual report, notes to financial statements ("**Note**") 15, page 82, approximately 37% of the Dalvey Haus development project has been completed, with expected completion by March 2023.

As of the date of this announcement, the Group had sold 4 out of 17 units of Dalvey Haus.

- (ix) The Company is exploring future opportunities in key hospitality markets, to generate returns for its shareholders and investors. The Company will provide further updates to shareholders as and when appropriate.
- (x) As set out in the announcement dated 2 April 2018, the conversion price of the shareholders' loan would be the volume weighted average price of the Company's shares transacted on SGX-ST on the five (5) market days preceding the date of conversion option notice was given. In the event the conversion option notice as not given on a market day or there were no trades done on SGX-ST on the market day that the conversion option was given, the volume weighted average price shall be based on the last five (5) full market days in which trades were recorded on SGX-ST.

As disclosed in the Company's annual report, Note 26, page 92, the loan due to shareholder, Mr Sam Goi and the loan due to ultimate holding company, KOP Group Pte Ltd as of 31 March 2022 amounting to S\$37,000,000 and S\$11,058,000, respectively.

The Company sets out below our responses to questions raised by the SIAS.

Question 1

In the chairman's statement, it was highlighted that the group is in the process of divesting its Wintastar project in Shanghai although the arbitration award has yet to be finalised. The company announced on 9 September that there has been an extension of time until 2 October 2022 for the judgement to be delivered.

The indirectly held joint venture company, Shanghai Snow Star Properties Co., Ltd ("Shanghai Snow Star"), has been reclassified as asset held for sale (page 86; Note 21 – Non-current asset held for sale) with a carrying value of \$107.6 million.

- (i) What is the current operating status of Wintastar Shanghai?
- (ii) What is the sentiment on the ground in Lingang City, Shanghai due to the current COVID-19 wave? How has Wintastar Shanghai been affected?
- (iii) Does the board have visibility on the financial position of Shanghai LuJiaZui Zhi Mao Investment Co., Ltd (上海陆家嘴至茂投资有限公司) and Shanghai Hong Bin Properties Co., Ltd. (上海鸿滨置业有限公司)?
- (iv) What is the valuation of the company's 30% equity interests in the joint venture company based on the valuation carried out by the valuer appointed by the company?

The carrying value of the investment in the joint venture is \$107.6 million as at 31 March 2022. As disclosed on page 86, the board is of the view that the proceeds of the disposal are expected to exceed the net carrying amount.

In the basis for qualified opinion, the auditors have stated that they were not granted access to the JV's accounting records and other relevant information required for their audit.

- (v) Can the board help shareholders better understand the basis of its view that the proceeds are expected to exceed the net carrying amount?

Company's Response

- (i) Throughout the duration of the arbitration, the Group has experienced difficulties in obtaining various information from the joint venture company. The Group has limited access and unable to comment on the current operating status as well as the impact on the current COVID-19 wave on the project.
- (ii) Please refer to the Company's response to question 1 (i) above.
- (iii) The Company is not privy to the financial information and we do not have access to the financial position of joint venture partners, Shanghai LuJiaZui Zhi Mao Investment Co., Ltd (上海陆家嘴至茂投资有限公司) and Shanghai Hong Bin Properties Co., Ltd. (上海鸿滨置业有限公司).
- (iv) As set out in the announcement dated 29 July 2022, the Company's legal adviser had advised that it is more appropriate to disclose the full details of the arbitration, the outcome and financial impact once the final arbitration award is made, in order not to prejudice the final judgement.

- (v) Based on the valuation reports done by the Group's appointed valuer, the valuation amount exceeded the net carrying amount of \$107.6 million, as disclosed in the Company's annual report, Note 21, page 86. Please also refer to Company's response (iv) above on advice from the Company's legal adviser.

Question 2

Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Development properties: What is the sale progress of Dalvey Haus? Has the construction progressed according to schedule?**
- (ii) **Dalvey Haus: Can the board/independent directors help shareholders better understand why the company is proposing to sell two units of the project to interested persons at a discount of 7.41% from the aggregate market price based on the independent valuation of \$12.6 million? What is the typical agent commission incurred for other units at Dalvey Haus?**
- (iii) **Resorts: For FY2022, the group recognised revenue of \$1.68 million from Indonesia in the hospitality segment, an increase from \$1.34 million in FY2021. What were the occupancy rates for the two resorts in Nongsa and Seminyak? Going forward, how is management positioning the two resorts to capture the expected rebound in demand as countries re-open their borders?**

Company's Response

- (i) Please refer to the Company's response to question 1 (viii) from shareholders above.
- (ii) The proposed sales are being sold at a lower price than the market price set out in the valuation report mainly due to no agent commission to be incurred and bulk purchase discount. Due to the commercial sensitivities and the highly competitive environment, we are unable to disclose the agent commission incurred for other units at Dalvey Haus.
- (iii) For FY2022, the occupancy rate for Montigo Resorts, Nongsa and Montigo Resorts, Seminyak is 8% and 4% respectively. Please also refer to Company's response to question 1 (vii) from shareholders above.

Question 3

At the annual general meeting scheduled to be held on 23 September 2022, Dr. Ho Kah Leong @ Ho Kah Leung ("Dr. Ho") is retiring pursuant to Regulation 112 of the constitution of the Company and will be seeking his re-election.

The profile of the director can be found on page 4 of the annual report. Additional information on directors nominated for re-election (Appendix 7F of the Catalist Rules) can be found on 28 to 32.

Dr. Ho was first appointed on 28 August 2012. Dr. Ho has served as an independent director for more than 10 years and would be seeking shareholders' two-tier approval in accordance with Rule 406(3)(d)(iii) of the Catalist Rules for his continued appointment as independent director.

On 30 November 2021, Mr Tan Boon Gin, Chief Executive of Singapore Exchange Regulation (SGX RegCo), gave guidance that companies are expected to use the two-tier rule sparingly to promote renewal and succession planning¹. On 13 September 2022, SGX RegCo further announced that it will consult on hard-coding the 9-year limit for independent directors².

- (i) Has the board/nominating committee (NC) deliberated on the guidance by SGX RegCo on the selective use of the two-tier rule to promote board renewal?
- (ii) Will the continued appointment of long-tenured director(s) impede/delay the progressive renewal of the board? Are there any challenges faced by the board in identifying and onboarding of new board members?

As stated in the notice of annual general meeting, Dr. Ho will, upon re-election as a director of the company, remain as an independent director, the chairman of the remuneration committee and a member of the audit and risk committee and the nominating committee of the Company.

In the corporate governance report, it was stated that “the Company” [emphasis added] is of the view that disclosure of the remuneration details of each director and key management personnel in the manner recommended by the Code of Corporate Governance 2018 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.

The Company has instead disclosed the top band as “\$500,000 and above” for Ms. Ong Chih Ching (see below). However, in Note 32, it was disclosed that the remuneration of directors and members of key management personnel was \$2.06 million in FY2022 (FY2021: \$2.06 million). The Group recorded a loss after tax of \$(11.6) million in FY2022 compared to a loss after tax of \$(10.6) million in FY2021.

Name of Director	Fees %	Salary# %	Bonus %	Other Benefits@ %	Total %
\$500,000 and above					
Ms. Ong Chih Ching	-	100	-	-	100
\$250,000 to below \$500,000					
Ms. Leny Suparman	-	100	-	-	100
Below \$250,000					
Ms. Judith Goi Lang Peng	100*	-	-	-	100
Mr. Lee Kiam Hwee	∞	-	-	-	∞
Mr. Ng Hin Lee	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 October 2021.

Salary is inclusive of fixed allowance and CPF contributions.

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

∞ Mr. Lee Kiam Hwee has retired as the Lead of Independent Director on 29 October 2021. The Director’s fee for Mr. Lee Kiam Hwee will be tabled at the forthcoming AGM for shareholders’ approval.

(Source: company annual report)

- (iii) Can Dr. Ho, as the chairman of the remuneration committee (RC), help shareholders understand the deliberations the RC had on the disclosure of remuneration?

¹ <https://www.businesstimes.com.sg/companies-markets/answer-my-question-before-i-vote-sgx-regco-sets-new-timelines-for-companies-to>

² <https://www.sgxgroup.com/media-centre/20220913-sgx-regco-require-9-year-cap-id-tenure-disclosure-directors-and-ceo>

Principle 8 of the CG Code 2018 requires the Company to be transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

- (iv) **Has the RC been effective at discharging its duties? Can the RC elaborate further on how Principle 8 of the CG Code 2018 has been met?**

Company's Response

- (i) The Company and the Nominating Committee (“**NC**”) have followed the Rule 406 of the Listing Manual – Section B: Rules of the Catalist of SGX-ST (“**Catalist Rules**”) on two-tier voting. As disclosed in the Company’s corporate governance report, page 12, Dr. Ho Kah Leong @ Ho Kah Leung who has served on the Board more than nine (9) years, has obtained shareholders’ approval for Two-Tier Voting resolutions for his continued appointment at the Company’s Annual General Meeting (“**AGM**”) held on 29 October 2021. Accordingly, Dr. Ho Kah Leong @ Ho Kah Leung will continue to act as Independent Directors of the Company until the conclusion of the third annual general meeting which shall be held in year 2024 or upon his retirement or resignation, whichever the earlier.

However, as set out in the Principle 4 of the Company’s corporate governance report, Dr. Ho Kah Leong @ Ho Kah Leung will retire from office by rotation at the forthcoming AGM pursuant to the Regulation 112 of the Company’s Constitution and will be subjected to the Two-Tier Voting, which has been deliberated by the NC prior the recommendation to the Board for his re-election at the Company’s forthcoming AGM.

- (ii) As disclosed in the Company’s corporate governance report, page 11, the NC has conducted rigorous review on the independence of Dr. Ho Kah Leong @ Ho Kah Leung and having considered the relevant factors as disclosed in Principle 4 of the Company’s corporate governance report, the NC had determined that Dr. Ho Kah Leong @ Ho Kah Leung has demonstrated strong independence in character and judgment over the years in discharging his duties and responsibilities as an Independent Director. He remains objective, continues to possess independent thinking and has the ability to exercise objective judgment on corporate matters independently in discharging his duties as the Independent Director of the Company for the best interests of the Group. His continued presence as an Independent Board member will ensure best practices being followed and provide effective oversight and compliance to good corporate governance.

Further as disclosed in the Company’s corporate governance report, page 12, the composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable management to benefit from a diverse perspective to issues that are brought before the Board. 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. As such, the NC and the Board is of the opinion that no renewal of board or identifying and/or onboarding a new Board member is required at the moment.

- (iii) After careful consideration and taking into account the highly competitive business environment, commercially sensitive and confidential nature of the remuneration policies, the Company is of the view that the Company is transparent on its remuneration policies and also disclosed the remuneration paid to each director and key management personnel using remuneration bands, as well as the breakdown of the components of their remuneration.

Accordingly, having considered the abovementioned consideration provided by the Company and the disclosure in the Company's corporate governance report, page 17 to 18, the Remuneration Committee ("**RC**") is of the view that the non-disclosure of the exact quantum of the remuneration of each director and key management personnel will not be prejudicial to the interest of shareholders and complies with the intent of provisions under Principle 8 of the Code of Corporate Governance 2018 ("**Code**").

- (iv) Except for the further explanations for deviation from the Code mentioned in question 3 (iii) above, the RC is in the opinion that the Principle 8 of the Code has been met and the RC has discharged its duties.

The NC, the RC and the Board have followed all the relevant rules and regulations and other regulatory guidelines including the Catalist Rules and the Code, and will take into consideration of future guidance.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
16 September 2022

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

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

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