Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: KOP Limited

Stock code: 5I1

Meeting details:
Date: 23 September 2022
Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. 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?**

Q2. 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?**

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(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?**

Q3. 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 planning[1]. On 13 September 2022, SGX RegCo further announced that it will consult on hard-coding the 9-year limit for independent directors[2].

(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.

[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

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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 %
S$500,000 and above					
Ms. Ong Chih Ching	–	100	–	–	100
S$250,000 to below S$500,000					
Ms. Leny Suparman	–	100	–	–	100
Below S$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?**

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?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)