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Issuer: KOP Limited

Stock code: 5I1

Meeting details:

Date: 31 Jul 2024

Time: 10.00 a.m.

Venue: Octagon, Level 1 @ Golf Clubhouse, Orchid Country Club, 1 Orchid Club Road, Singapore 769162

Q1. The group has expanded its hospitality portfolio in the UK significantly, acquiring Montigo Resorts, Somerset at Charlton House, which is now welcoming guests while undergoing improvements to enhance operations and guest experiences. Development is underway for the group's first urban hotel, Ellen Kensington. These moves mark a substantial increase in the group's presence in the UK hospitality market.

- (i) Given the group's entry with only a few properties, how does it plan to carve out a competitive edge in the UK's mature hotel market?**
- (ii) Can management outline its hospitality expertise and past achievements within the UK market to enhance shareholder confidence in these recent acquisitions?**
- (iii) Was the strategic decision to diversify into the UK hospitality sector approved by the board, and what risks were identified? How is management mitigating these risks effectively?**
- (iv) What is the total capital committed to the acquisition and subsequent enhancements of Montigo Resorts, Somerset at Charlton House?**
- (v) Is the management agreement for Ellen Kensington an interested person transaction, and if so, how are potential conflicts of interest being managed?**
- (vi) Would the expansion in the UK significantly alter the group's risk profile?**

Q2. As noted in the message to shareholders, the executive chairman highlighted that the group has sold all the units in the Dalvey Haus project subsequent to FY2024. The development properties with carrying value of \$43.6 million as at 31 March 2024 were all fully sold above their carrying amounts after the financial year end.

- (i) **What is the board/management’s outlook on the Singapore real estate market following the latest cooling measures? Are there strategic plans to acquire additional land banks and undertake new development projects in the near future?**

For FY2024, the independent auditors have included a material uncertainty related to going concern in the independent auditor’s report.

- (ii) **Does the group have the necessary funds to support its growth? As at 31 March 2024, the group has cash and cash equivalents of \$3.6 million. This was after receiving a new loan from a shareholder, bearing interest at 7%, amounting to \$5.72 million in FY2024. What additional funding strategies are being considered?**
- (iii) **For the benefit of shareholders, can the board share its capital allocation strategy, especially with regard to geographical distribution and segment allocation?**
- (iv) **What specific learnings from the development of Wintastar Shanghai have been integrated into the group’s strategy and risk management framework?**

Q3. At the annual general meeting scheduled to be held on 31 July 2024, the company is seeking to appoint Messrs Moore Stephens LLP as auditors of the company in place of the retiring auditors of the company, Messrs UHY Lee Seng Chan & Co.

The retiring auditors were first appointed in FY2021.

Ernst & Young LLP were auditors of the company from FY2018 to FY2020 after Deloitte & Touche LLP, who had been the auditors of the group since February 2005.

- (i) **Can the audit and risk committee (ARC) explain the rationale behind the frequent changes in external auditors? How does the ARC evaluate the benefits and potential drawbacks of rotating audit firms every three years? Does the ARC believe that this is good corporate governance?**
- (ii) **What was the assessment of the retiring auditors based on the audit quality indicators introduced by ACRA?**
- (iii) **How were the new auditors selected? What were the criteria used by the ARC?**

For the avoidance of doubt, the retiring auditors have given their professional clearance to Messrs Moore Stephens LLP (“MS”) and confirmed that they are not aware of any professional reasons why MS should not accept appointment as the new auditors of the company and its subsidiaries. The company has also confirmed that there were no disagreements with the retiring auditors on accounting treatments within the last 12 months and up to the date of the appendix. The company is not aware of any circumstances connected with the proposed change of auditors that should be brought to the attention of shareholders which has not been disclosed in the appendix.

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

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