



The Ritz-Carlton Residences, Singapore, Cairnhill



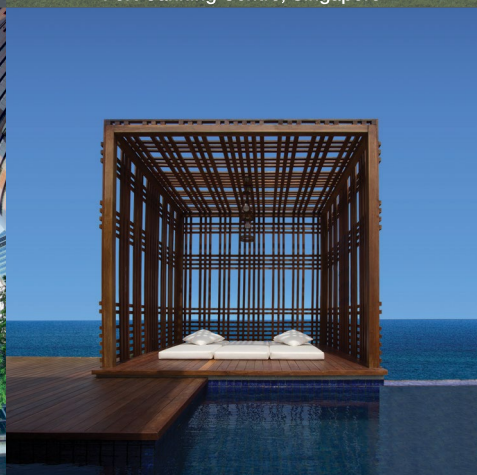
Cranley Hotel, London, UK



Fort Canning Centre, Singapore



Prudential Tower, Singapore



Montigo Resorts, Indonesia

## ANNUAL REPORT 2014

# KOP LIMITED

FOREWORD: The financial statements in this Annual Report relates solely to the Scorpio Group of Companies before the completion of the acquisition of KOP Properties Pte. Ltd. on the 6th of May 2014 and the change of name to KOP Limited. Going forward, the next Annual Report will consist of the enlarged group's financial statements.

## CONTENTS

01	Chairman's Statement
03	Corporate Profile
04	Business Review
06	Board & Management
10	Corporate Information
11	Report of Corporate Governance

## FINANCIAL STATEMENTS

24	Report of the Directors
28	Statement of Directors
29	Independent Auditors' Report to the Members of KOP Limited
31	Statements of Financial Position
32	Consolidated Statement of Profit or Loss and Other Comprehensive Income
33	Statements of Changes in Equity
35	Consolidated Statement of Cash Flows
37	Notes to Financial Statements
77	Statistics of Shareholdings
79	Notice of Tenth Annual General Meeting Proxy Form

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Private Limited, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this Annual Report.

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

The contact person for the Sponsor is Ms. Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay #40-01A Hong Leong Building, Singapore 048581, Telephone: (65) 6415-9886.

# CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present KOP Limited's inaugural Annual Report for the financial year ended 30 April 2014 ("FY2014"). FY2014 was marked by KOP Limited's successful reverse takeover ("RTO") of Scorpio East Holdings Ltd. ("Scorpio East"), as we seek to expand our work through strategic synergies derived from our Property and Entertainment businesses.

## A New Chapter

KOP Limited is founded on the spirit of innovation, enterprise and excellence. Our desire to advance and revolutionise the property and entertainment businesses led to our recent listing on the Singapore Exchange following the RTO. The successful RTO has not only paved way for our business expansion through tapping the capital markets, but has also allowed us to be able to broaden our expertise in integrating entertainment elements into the property business.

Our property business arm, KOP Properties, provides unique living and leisure experiences delivered through a broad range of distinctive projects. Since its inception in 2008, KOP Properties has rapidly grown from strength to strength in developing iconic and award-winning properties in Singapore and the region. It has achieved a sterling track record in the property development business with developments such as the prestigious The Ritz-Carlton Residences and Montigo Resorts, Nongsa.

The entertainment elements of our business add flavour and character to KOP Limited, enabling us to further differentiate ourselves from the others, and to engage in high-quality and innovative projects which can generate superior returns for all our shareholders and investors. Our plans to develop real estate projects include lifestyle components such as entertainment and MICE facilities.

This RTO sets the stage for us to further grow our business and we certainly remain excited about KOP Limited's prospects for the coming years, and for the long-term.

## Financial Performance

In FY2014, our revenue grew 9% year-on-year to S\$6.69 million, from S\$6.15 million in the previous corresponding period ("FY2013"), as a result of the acquisitions of many theatrical distribution rights leading to the increase in our distribution sales and rental income. The increase in revenue would have been higher if not for the significant slowdown in DVD sales due to the closure of many DVD retailers in Singapore.

Factoring in other operating income, reduced distribution costs and higher administrative costs (details under Business Review), we incurred a net loss of S\$5.611 million in FY2014 vis-à-vis a net loss of S\$1.227 million in FY2013.

Following the FY2014 financial results of Scorpio East, our next Quarterly Report will be released in September 2014, which will contain the financial performance of KOP Limited, comprising our property and entertainment businesses.

## Forging Ahead

With our most recent RTO completion, we have exciting plans ahead as we work on breathing new life into the company. Forging ahead, we will continue to dynamically build an attractive mix with the strategic synergies between KOP Limited's property development and entertainment businesses.

We were also part of a consortium, together with Lian Beng Group, KSH Holdings and Centurion Global, which recently purchased a 92.8% stake in the A-grade Prudential Tower for \$512 million. The 30-storey office building is prominently located at the corner of Cecil Street and Church Street near Raffles Place, and presently fully occupied. With this purchase, we reinforce our commitment to balance our portfolio of iconic mixed-use assets with strategic investments. This is a good opportunity for us to generate recurring rental income and subsequent strata sales, and also allows for KOP Limited to grow our portfolio of properties.

# CHAIRMAN'S STATEMENT

Moving forward, we will also continue to grow our business by developing new projects, acquisitions and expansion into other markets. Having established our presence in Singapore, Indonesia, China and the United Kingdom, KOP Limited also intends to expand its presence further in favourable markets, while seeking to grow in new geographies.

Our developments and future plans outlined above are intended to ensure that KOP Limited is well-positioned for growth, as we continue to seek and identify new and exciting projects. These future developments will also further our mission of spearheading breakthrough ideas by conceptualisation to project and hospitality management, positioning KOP Limited as a sizeable player in the entertainment-property industry, and more importantly, creating additional value for our shareholders.

## **Acknowledgements**

In closing, I would like to show my appreciation to my fellow Directors for their contribution and hard work over the past year. We are also grateful to the working team, banks, law firms, financial and tax advisers and external consultancies for their tireless work and effort to deliver a successful listing following the RTO, and now continue to give their best to all stakeholders.

Last but not least, on behalf of KOP Limited, I would like to express my gratitude to all our shareholders for your unwavering support which has contributed greatly to our success so far. Together, let us look forward to continued success for KOP Limited.

Yours faithfully,

Dr Ho Kah Leong  
Chairman

# CORPORATE 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, the Group’s property arm and a developer of iconic and award-winning projects such as Hamilton Scotts and Montigo Resorts, KOPL was formed through a Reverse Takeover of Scorpio East Holdings Ltd. and has been trading under this new corporate identity on the Catalist of the Singapore Exchange since 15 May 2014.

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 business is involved in the distribution of theatrical films and home video entertainment, as well as the organisation of concerts, musicals, shows and events. As a supporter of local movie productions, KOPL also produces and invests in the creation of local films, in addition to the distribution and acquisition of blockbusters. Through partnerships with independent producers and distributors, KOPL brings both Hollywood and Asian movies to cinemas and on home video. KOPL’s entertainment business also has a track record in promoting and marketing concerts for well-known artistes such as Jay Chou and Aaron Kwok, as well as China-based The Purple Phoenix.

With strategic synergies between its businesses, KOPL is empowered to expand its core business of property development and to explore the possibilities of incorporating entertainment elements into various strategic business ventures, adding flavour and character to KOPL’s projects. By positioning itself as the market leader through spearheading high-quality and innovative projects, KOPL aims to generate growing returns for its shareholders and investors.

With a wealth of experience in the property industry and unwavering commitment to excellence, KOPL propels forward as it continues to leverage its strengths to become a trusted and leading organisation globally.



# BUSINESS REVIEW

## Financial Performance

Revenue for the financial year ended 30 April 2014 (“FY2014”) increased by S\$0.54 million or 9% from S\$6.15 million in FY2013 to S\$6.69 million in FY2014. This was mainly due to an increase in distribution sales and increase in rental income. The Group has acquired many theatrical distribution rights in the last financial year. This has led to the increase in theatrical distribution sales during the financial year. However, the increase in theatrical distribution revenue is offset by the decrease in the video distribution revenue due to the loss of the Disney distributorship in June 2013.

Gross profit decreased by S\$1.44 million or 100% to S\$nil million in FY2014 from S\$1.44 million in FY2013. This was mainly due to decrease in video distribution margins from 25% in FY2013 to -27% in FY2014. The video distribution market in Singapore has slowed down significantly over the course of 1 year, as evidenced by the closure of many DVD retailers in Singapore. In addition, the loss of the Disney distributorship in June 2013 was also instrumental to the decrease in gross profit.

Other operating income decreased by S\$0.566 million or 64% to S\$0.321 million in FY2014 from S\$0.887 million in FY2013. The decrease was mainly due to a decrease in fair value gain on investment property of S\$0.717 million recorded by the Group in FY2013, compared to S\$0.232 million gain recorded by the Group in FY2014.

Distribution costs decreased by S\$0.082 million or 62% from S\$0.132 million in FY2013 to S\$0.050 million in FY2014 mainly due to lower advertising expenses incurred in FY2014.

Administrative expenses increased by S\$2.350 million or 85% from S\$2.774 million in FY2013 to S\$5.124 million in FY2014. The increase was mainly due to (i) legal and professional fees in relation to the RTO exercise and the costs incurred in indemnifying the ex-independent directors of the Group in defending a legal defamation suit brought against them and (ii) increase in depreciation expense following the Group’s acquisition of concert and event equipment in April 2013.

Other operating expenses increased by S\$0.108 million or 33% from S\$0.324 million in FY2013 to S\$0.432 million in FY2014 mainly due to provision of doubtful debts as a result of the business closures of customers.

As a result of the above, the Group recorded a net loss after tax of S\$5.611 million in FY2014 vis-à-vis a net loss after tax of S\$1.227 million in FY2013.

## Segmental Review

In FY2014, the Group’s business activities were classified into four business segments namely a) Film & Video Distribution, b) Content Production, c) Concerts & Events and d) Investment Property. Film (theatrical) & Home Video distribution continues to form the core business of the Group in FY2014.

### Film & Video Distribution

In FY2014, distribution revenue is derived mainly from theatrical & video distribution.

The theatrical distribution rights are acquired mainly from various producers and licensors from Hong Kong, Korea and Singapore.

Titles which contributed more significantly to revenue include “The Hunger Games: Catching Fire”, “Iceman ” and “Special Identity” starring Donnie Yen and “Young Detective Dee: Rise of the Sea Dragon”.

Due to the slowing down of the home video distribution market in Singapore, the loss of the Disney distributorship in June 2013 by the Group and the closure of many DVD retailers in Singapore, home video distribution revenue has decreased.

For the FY2014, our film & video distribution business is still the largest contributor to the Group’s revenue, constituting about 72% of the Group’s topline.

# BUSINESS REVIEW

## Content Production

The co-production of local movie “Everybody’s Business” yielded much publicity and revenue. The Group’s involvement in co-production has opened up many opportunities for movie investments and content development in future.

## Concerts & Events

Live concerts & events contributed 6.4% to the overall revenue for the year.

The Group successfully organized the concerts for “Voca People”, “Kitaro World Symphony Tour” and “The Golden Lotus”

The Group continues to source and bring in renowned artistes and quality productions through our strong network of key industry partners and business contacts.

## Investment Property

Scorpio East Building at Paya Lebar iPark, Tai Seng Avenue generated rental income of S\$0.97 million for FY2014.

Besides leasing to external parties, the building also accommodates the Group’s operations and serves as the platform for the Group’s future developments.

## Future Outlook

The Group continues to be exposed to competition from increased broadband penetration, illegal digital video downloads and, parallel import of video entertainment products. The Group has also lost 1 major home video distribution licence and the video distribution market is in significant decline as evidenced by the business closures of many retailers.

The Group anticipates that competition will remain intense. The management will continue to exercise selective strategy in the acquisition of independent video and theatrical distribution rights as well as increasing its revenue stream by venturing into new complementary businesses.

The Group is also pleased to announce that on the 6th of May 2014, the Group has completed the acquisition of KOP Properties Pte. Ltd.. With this acquisition, the Group will now have businesses encompassing both the property and the entertainment industries.

Having properties in places such as Singapore, Indonesia, and the United Kingdom, the Group will continue to grow its property business through new development projects, property acquisitions as well as expansion into other markets. The Group further intends to expand its presence in favourable markets while seeking to grow opportunistically in new geographies. As part of the Group’s strategic restructuring efforts, the Group will expand its entertainment business by venturing into the development of real estate projects which include a lifestyle component, such as entertainment and MICE facilities.

# BOARD & MANAGEMENT

## Board of Directors

### **Dr Ho Kah Leong**

#### **Non-Executive Chairman and Independent Director**

Dr Ho Kah Leong is the Non-Executive Chairman and Independent Director of the Company. Prior to his appointment, he was the Special Adviser to the Board and his role includes providing guidance in respect of the business and corporate governance matters.

Dr Ho Kah Leong is currently a senior consultant at Pioneers & Leaders (Publishers) Pte Ltd and also a director of Vicom Ltd, Fuxing China Group Limited, Ang Mo Kio – Thye Hua Kwan Hospital Ltd., TP Healthcare Ltd. 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 appointed as the Principal of the Nanyang Academy of Fine Arts for 6½ years. He holds a Bachelor of Science degree from Nanyang University and was conferred a PhD in Doctor of Philosophy in Arts by Wisconsin International University, United States of America, in 2001.

### **Ms Ong Chih Ching**

#### **Group CEO and Executive Director**

Ong Chih Ching is the Group CEO and Executive Director of the Company. She is responsible for the strategic planning and development of the Group's business and she spearheads its expansion and growth.

Prior to the reverse takeover, Ong Chih Ching was the chairman and founder of KOP Properties Pte. Ltd., and CEO of KOP Group. Prior to establishing KOP Properties Pte. Ltd., Ong Chih Ching worked as a lawyer, specialising in corporate and property law. She was a founding partner of the Singapore law firm, Koh, Ong & Partners, where she specialised in corporate and real estate transactions. To better meet the needs of her client base of high net worth individuals and private and public equity institutions, she co-founded Koh Ong & Partners Management Services Pte. Ltd. in 1999, providing secretarial, consultancy and corporate management services.

Ong Chih Ching is also the Founder and First Honorary Secretary for the Securities Investors Association (Singapore), an association with one of the largest memberships in the country and which represents investors' interests in listed companies.

Ong Chih Ching graduated with a Bachelor of Laws from the University of Buckingham in 1991. She was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1994.

### **Ms Leny Suparman**

#### **Executive Director**

Leny Suparman is an Executive Director of the Company and oversees the property business. Prior to the reverse takeover, Leny Suparman was co-founder of the KOP Group and is presently the CEO of the KOP Properties Pte. Ltd..

Prior to founding KOP Group, Leny Suparman was a Director of Real Estate in KOP 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 9 years where she headed the retail department and worked with well-known retail brands in redevelopment projects in Singapore and Shanghai, the PRC.

She obtained a Bachelor of Science in Business from the Indiana University Bloomington, Indiana, United States of America in 1995.



# BOARD & MANAGEMENT

## **Mr Ko Chuan Aun** **Executive Director**

Ko Chuan Aun is an Executive Director of the Company and oversees the Entertainment Business. Prior to the reverse takeover, Ko Chuan Aun was CEO and Executive Director of the Company.

Ko Chuan Aun was an Independent Director of the Company since 15 August 2007, before his appointment as CEO and Executive Director on 1 March 2012. Prior to his appointment as CEO of the Company, he was the Executive President of International Business Development of Ananda Group of Companies. He has more than 15 years of working experience with the Trade Development Board of Singapore ("TDB") (now known as the International Enterprise Singapore or IE Singapore). His last appointment with TDB was Head of China Operations. In the past 20 years, Ko Chuan Aun has been very actively involved in business investments in the PRC market. In 2001, he was appointed as the Steering Committee Member of the Network China. Between 2003 to 2005, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade & Investment Committee. He currently holds positions as an Independent Non-Executive Director of Super Group Ltd, San Teh Ltd, Koon Holdings Ltd and KSH Holdings Limited. Ko Chuan Aun holds a Diploma in Export Marketing, which is equivalent to Danish Niels Brock International Business Degree Program.

## **Mr Lee Kiam Hwee Kelvin** **Independent Director**

Lee Kiam Hwee Kelvin is an 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 Kelvin 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 Kelvin 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.

## **Ms 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 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 politician in Singapore.

From 1971 to 1999, she held various appointments in the Civil Service. She was a board member of statutory boards, government linked companies and NTUC co-operatives. Over the years, she had been Vice Chairman of NTUC Insurance Co-operative (INCOME), Vice President, Assistant Secretary-General and Deputy Secretary-General of NTUC. She was the first woman to chair the NTUC Central Co-operative Fund Committee and was a founder of NTUC Childcare. She was Founder Chairman of ComCare and NTUC Foodfare. Her other appointments include Member of the Professional Advisory Council of NTUC Childcare Co-operative Ltd, Chairman of the Board of Trustees of the Singapore National Co-operative

# BOARD & MANAGEMENT

Federation and Chairman of the MCYS Central Co-operative Fund Committee. She was also Independent Director of the listed companies, Kian Ann Engineering Ltd, Singapore Telecommunications Ltd (now known as SingTel) and Singapore Bus Service (now known as ComfortDelgro Corporation).

Yu-Foo Yee Shoon chairs the Publicity and Outreach Committee for the Lee Kuan Yew Fund for Bilingualism. Her other directorship includes 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 a Masters Degree in Business from Nanyang Technology University. She was awarded the Honorary Doctorate of Education by Wheelock College of Boston, United States in 2008.

## Executive Management

### **Ms Lily Foo**

#### **Chief Financial Officer**

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 the Company 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 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 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 from the National University of Singapore in 1988 and is a chartered accountant of Singapore.

### **Ms Joey Ong**

#### **Chief Operating Officer**

Joey Ong is the Chief Operating Officer of the Company, holding responsibility for the overall corporate and business operations of KOP Group. Joey Ong joined KOP Group 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 KOP Group 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 troubleshooting 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 practice 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, being 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 as office manager until 2007 when she joined KOP Group.

Joey Ong obtained a graduateship from The Plastics & Rubber Institution in the UK in 1987.

# BOARD & MANAGEMENT

## **Mr Dalip Singh** **Managing Director**

Dalip Singh is the Managing Director of the Company. He was previously the Senior Vice President and Head of KOP Hospitality. He started his professional career in hotel management with The Ritz-Carlton, Millenia, Singapore as Executive Assistant Manager, from January 2001 to June 2007. In July 2007, he joined Dusit International as General Manager, and continued in his role until May 2010. From June 2010, he was General Manager at Pangkor Laut Resort until August 2011, when he left to join the Company in September 2011.

Dalip Singh graduated with a Diploma in Management Studies from the Singapore Institute of Management in 2008.

## **Mr Ron Loi** **Director of Investments**

Ron Loi is the Company's Director of Investments. Prior to the reverse takeover, he was the Chief Financial Officer of the Company where he was responsible for its full spectrum of financial and accounting functions, including financial accounting, management accounting, budgeting and forecasting, statutory reporting to relevant authorities as well as internal controls and compliance with corporate, legal, tax and accounting requirements.

He has over 10 years of experience in financial auditing and accounting. Prior to joining the Scorpio East Holdings Ltd., he held position of Chief Financial Officer at Homely Hardware Pte Ltd. He is a member of the Institute of Singapore Chartered Accountants and graduated with a Bachelor of Accountancy (Honours) from Nanyang Technological University.

## **Mr Anton Kilayko** **Director of Marketing**

Anton Kilayko is the Director of Marketing of the Company, with responsibility for all marketing, corporate communications and public relations aspects of the Company and KOP Hospitality. Anton Kilayko joined KOP H&R in June 2010 as Vice President, Marketing and Brand Development. He was later appointed Senior Vice President of KOP H&R in June 2011, with responsibility for overall corporate level hospitality marketing. Anton Kilayko was appointed to his current position in September 2012.

Anton Kilayko started his career in The Ritz-Carlton, Cancun, Mexico in 1999, and later joined The Ritz-Carlton, Millenia, Singapore in 2001. He was promoted to Manager, Public Relations in January 2002, and later to Director, Public Relations in 2003, where he was responsible for all public relations, crisis communications and marketing communications efforts of the hotel. In 2003, he was awarded the Mystique Award for Public Relations Director of the Year by The Ritz-Carlton Hotel Company L.K.C., and in 2005, he was awarded the Five Star Leader award by The Ritz-Carlton, Millenia Singapore. In January 2007, Mr Kilayko joined Orient-Express Trains and Cruises, Singapore, as director, sales and marketing, where he was in charge of overall sales and marketing efforts for the Eastern & Oriental Express (SEA) luxury train and Road to Mandalay river cruise (Myanmar). From November 2008, he joined Dusit International, Bangkok, Thailand as brand director of Dusit D2 and Dusit Devarana Hotels and Resorts, where he was in charge of brand development and guidelines implementation. He continued in this position until May 2010, when he left to join KOP H&R.

Anton Kilayko graduated with a Bachelor of Science in International Hospitality Management from the Les Roches International School of Hotel Management, Switzerland in 1998.

# CORPORATE INFORMATION

## Board of Directors

### Dr Ho Kah Leong

Non-executive Chairman and  
Independent Director

### Ong Chih Ching

Executive Director and Group Chief Executive Officer

### Leny Suparman

Executive Director

### Ko Chuan Aun

Executive Director

### Lee Kiam Hwee Kelvin

Independent Director

### Yu-Foo Yee Shoon

Independent Director

## Audit Committee

### Lee Kiam Hwee Kelvin

Chairman, Independent Director

### Dr Ho Kah Leong

Member, Independent Director

### Yu-Foo Yee Shoon

Member, Independent Director

## Remuneration Committee

### Dr Ho Kah Leong

Chairman, Independent Director

### Lee Kiam Hwee Kelvin

Member, Independent Director

### Yu-Foo Yee Shoon

Member, Independent Director

## Nominating Committee

### Yu-Foo Yee Shoon

Chairman, Independent Director

### Lee Kiam Hwee Kelvin

Member, Independent Director

### Dr Ho Kah Leong

Member, Independent Director

## Joint Company Secretaries

Ms Tan Siew Hua

Mr Teo Meng Keong

## Sponsor

Hong Leong Finance Private Limited  
16 Raffles Quay,  
#40-01A Hong Leong Building,  
Singapore 048581

## Registered Office

152 Beach Road, #27-01,  
The Gateway East,  
Singapore 189721  
Tel: +65 6533 7337  
Fax: +65 6536 7735  
Website: www.koplimited.com

## Share Registrar and Share Transfer Office

Tricor Barbinder Share  
Registration Services  
(A division of  
Tricor Singapore Pte. Ltd.)  
80 Robinson Road #02-00  
Singapore 068898

## Auditors

Deloitte & Touche LLP  
Public Accountants and Chartered Accountants  
6 Shenton Way  
OUE Downtown 2 #32-00  
Singapore 068809

## Partner-in-charge:

Mr 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

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

# 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 subscribe 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 30 April 2014, 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

### Principle 1: The Board’s Conduct of its Affairs

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group.

Matters that specifically require the Board’s decision or approval, are those involving:-

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of Directors and appointment of key personnel;
- announcement of financial results, the annual report and accounts;
- material acquisitions and disposal of assets;
- approving contracts with partners without track record;
- approving significant contracts, purchases or tenders, where the value is greater than 5% of the Group’s latest audited net tangible assets;
- approving and reviewing covering duties and authorities over critical processes;
- reviewing the process of evaluating the adequacy of internal controls, risk management, financial reporting and compliance; and
- all matters of strategic importance.

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 Committee (“**AC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”), and each of the AC, NC and RC operates within clearly defined terms of reference and functional procedures.

# REPORT OF CORPORATE GOVERNANCE

The Board conducts regular scheduled meetings on a biannual basis. Going forward, the Board will be conducting regular scheduled meetings on a quarterly basis. Where circumstances require, ad-hoc meetings are arranged. Attendance of the Directors via telephone conference is allowed under Article 120(2) of the Company's Articles of Association. The number of Board and Board Committees meetings held during the financial year ended 30 April 2014 ("FY2014") and the attendance of each Director where relevant are as follows:-

Name	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dr Ho Kah Leong	6	5	3	3	1	1	1	1
Mr Ko Chuan Aun	6	6	3	3 <sup>^</sup>	1	1 <sup>^</sup>	1	1
Mr Yee Kit Hong**	6	6	3	3	1	1	1	1
Mr Chia Hoo Khun Valery Kelvin**	6	5	3	2	1	1	1	1
Mr Toh Tian Sze**	6	6	3	3	1	1	1	1 <sup>^</sup>

Notes:

<sup>^</sup> Attendance by invitation.

\*\* Resigned as directors on 6 May 2014.

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. The Company will also provide its Directors with regular updates on the latest business and governance practices that are relevant to the Group.

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 Chief Executive Officer will make the necessary arrangements for such briefings, informal discussions or explanations required by the Directors upon request.

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.

## Principle 2: Board Composition and Balance

The Board currently comprises three Executive Directors and three Independent Directors as follows:-

With effect from 6 May 2014

Ong Chih Ching	Group Chief Executive Officer and Executive Director (appointed on 6 May 2014)
Leny Suparman	Executive Director (appointed on 6 May 2014)
Ko Chuan Aun	Executive Director
Dr Ho Kah Leong	Non-executive Chairman and Independent Director
Lee Kiam Hwee Kelvin	Independent Director (appointed on 6 May 2014)
Yu-Foo Yee Shoon	Independent Director (appointed on 6 May 2014)



# REPORT OF CORPORATE GOVERNANCE

In effect till 6 May 2014

Ko Chuan Aun	Chief Executive Officer and Executive Director
Dr Ho Kah Leong	Non-executive Chairman and Independent Director
Yee Kit Hong	Independent Director (resigned on 6 May 2014)
Chia Hoo Khun Valery Kelvin	Independent Director (resigned on 6 May 2014)
Toh Tian Sze	Non-executive Director (resigned on 6 May 2014)

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 Dr Ho Kah Leong, Lee Kiam Hwee Kelvin and 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.

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.

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.

### **Principle 3: Chairman and Chief Executive Officer**

It is the Company's practice to keep the roles of the Chairman and Chief Executive Officer ("CEO") separate. By doing so, there is a clear division of responsibilities between the Chairman and the 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, Ong Chih Ching, is responsible for the overall management of the Group's operations, business strategies and direction and corporate plans and policies.

Dr Ho Kah Leong, the Non-executive Chairman, is primarily responsible for the effective workings of the Board. Other responsibilities of the Non-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;

# REPORT OF CORPORATE GOVERNANCE

7. facilitate the effective contribution of non-executive directors; and
8. promoting high standards of corporate governance for the Group.

## Principle 4: Board Membership

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:-

### With effect from 6 May 2014

Yu-Foo Yee Shoon	Chairman (appointed on 6 May 2014)
Dr Ho Kah Leong	Member
Lee Kiam Hwee Kelvin	Member (appointed on 6 May 2014)

### In effect till 6 May 2014

Yee Kit Hong	Chairman (resigned on 6 May 2014)
Ho Kah Leong	Member
Chia Hoo Khun Valery Kelvin	Member (resigned in 6 May 2014)
Ko Chuan Aun	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. Article 107 of the Company's Articles of Association 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 Article 112 of the Company's Articles of Association 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 Article 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. Article 117 of the Company's Articles of Association provides that such Director so appointed shall hold office until the next AGM and shall be eligible for re-election.

The NC has recommended to the Board, the re-election of Ong Chih Ching, Leny Suparman, Lee Kiam Hwee Kelvin, Yu-Foo Yee Shoon and the re-appointment of Dr Ho Kah Leong at the forthcoming AGM.

Ong Chih Ching, Leny Suparman, Lee Kiam Hwee Kelvin and Yu-Foo Yee Shoon will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM pursuant to Article 117 of the Company's Articles of Association.

# REPORT OF CORPORATE GOVERNANCE

Pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, a person of or over the age of 70 years may, by an ordinary resolution passed at an annual general meeting of a company be appointed or re-appointed as a director of the company to hold office or be authorised to continue in office as a director of the company, until the next annual general meeting of the company. Dr Ho Kah Leong, who is over 70 years of age, has offered himself for re-appointment as a Director of the Company. The NC has recommended the re-appointment of Dr Ho Kah Leong as a Director of the Company at the forthcoming AGM. Dr Ho Kah Leong will be considered independent pursuant to Rule 704(7) of the Catalist Rules.

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 Board has accepted the NC's recommendation.

Particulars of the Directors such as their present and past three years' directorships in other listed companies are set out below:

<b>Name</b>	<b>Age</b>	<b>Appointment</b>	<b>Date of initial appointment</b>	<b>Date of last re-election</b>	<b>Present Directorships in other listed companies</b>	<b>Past Directorships in other listed companies in the last three preceding years</b>
Dr Ho Kah Leong	77	Non-executive Chairman and Independent Director	28 August 2012	-	1. Vicom Ltd 2. Fuxing China Group Limited	1. Brothers (Holdings) Limited 2. Superbowl Holdings Ltd
Ong Chih Ching	44	Group Chief Executive Officer and Executive Director	6 May 2014	-	None	None
Leny Suparman	39	Executive Director	6 May 2014	-	None	None
Ko Chuan Aun	57	Executive Director	1 March 2012	28 August 2013	1. Super Group Ltd 2. San Teh Ltd. 3. Koon Holdings Limited 4. KSH Holdings Limited	1. Brothers (Holdings) Limited
Lee Kiam Hwee Kelvin	58	Independent Director	6 May 2014	-	1. HTL International Holdings Ltd. 2. Marco Polo Marine Ltd.	1. Ausgroup Limited 2. Pacific Healthcare Holdings Ltd
Yu-Foo Yee Shoon	64	Independent Director	6 May 2014	-	1. 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.

# REPORT OF CORPORATE GOVERNANCE

Currently, none of the Directors hold more than four (4) directorships in other listed companies.

In its search, nomination and selection process for new directors, the NC:

1. identifies the competencies required to enable the Board to fulfill 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.

## **Principle 5: Board Performance**

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 FY2014, 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.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

## **Principle 6: Access to Information**

The Company believes that the Board should be provided with timely, complete and adequate information prior to Board meetings and as and when the need arises.

The Company recognises the importance of the flow of information for the Board to discharge its duties effectively. All Directors are furnished with Management accounts of the Group and regular updates on the financial position of the Company. The Board has unrestricted access to the Company's records and information.

The Directors have also been provided with the contact details of the Company's Senior Management and Company Secretary to facilitate separate and independent access.

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.

# REPORT OF CORPORATE GOVERNANCE

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

### Principle 7: Procedures for Developing Remuneration Policies

The RC currently comprises the following three members, all of whom, including the Chairman, are independent:-

With effect from 6 May 2014

Dr Ho Kah Leong	Chairman
Yu-Foo Yee Shoon	Member (appointed on 6 May 2014)
Lee Kiam Hwee Kelvin	Member (appointed on 6 May 2014)

In effect till 6 May 2014

Dr Ho Kah Leong	Chairman
Yee Kit Hong	Member (resigned on 6 May 2014)
Chia Hoo Khun Valery Kelvin	Member (resigned in 6 May 2014)
Toh Tian Sze	Member (resigned on 6 May 2014)

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 Senior Management as well as specific remuneration packages for the 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 Management's fees, salaries, allowances, bonuses and benefits in kind will be covered by the RC.

Each member of the RC abstains from voting on any resolution, participating in any deliberation of the RC and making any recommendation in respect of his 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.

### Principle 8: Level and Mix of Remuneration

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 the CEO and Executive Director, Ko Chuan Aun. The service agreement is for a period of 3 years commencing 1st March 2012. Upon the expiry of the initial period of 3 years, the service agreement will be renewed on an annual basis.

The Company does not have any employee share option scheme or share scheme.

# REPORT OF CORPORATE GOVERNANCE

## Principle 9: Disclosure on Remuneration

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.

A breakdown showing the level and mix of each individual Director's remuneration in remuneration bands of S\$250,000 for FY2014 is set out as follows:-

	<b>Fees*</b> %	<b>Salary#</b> %	<b>Bonus</b> %	<b>Other Benefits</b> %	<b>Total</b> %
<b>S\$500,000 and above</b>					
N/A					
<b>S\$250,000 to below S\$500,000</b>					
N/A					
<b>Below S\$250,000</b>					
Dr Ho Kah Leong	100	-	-	-	100
Mr Yee Kit Hong	100	-	-	-	100
Mr Ko Chuan Aun	-	92	8	-	100
Mr Chia Hoo Khun Valery Kelvin	100	-	-	-	100
Mr Toh Tian Sze	100	-	-	-	100

\* These fees are subject to approval of the shareholders at the forthcoming AGM.

# Salary is inclusive of fixed allowance and CPF contributions.

Annual remuneration of the top five executives\* who are not Directors in remuneration bands of S\$250,000 in FY2014 is set out as follows:-

	<b>Fees</b> %	<b>Salary</b> %	<b>Bonus</b> %	<b>Other Benefits</b> %	<b>Total</b> %
<b>S\$500,000 and above</b>					
N/A					
<b>S\$250,000 to below S\$500,000</b>					
N/A					
<b>Below S\$250,000</b>					
Ron Loi	-	92	8	-	100
Angeline Ang	-	92	8	-	100
Sim Wee Boon	-	94	6	-	100

\*During FY2014, there are only 3 executive officers, who are not directors, under the employment of the Company and its subsidiaries.

The total amount paid to the top 3 executives for the financial year ended 30 April 2014 is S\$423,000.

Due to competitive pressures in the talent market, the Board has, on review, decided not to disclose the remuneration of each individual Executive Director for FY2014.

There were no employees who are immediate family members of a Director or the CEO, whose remuneration exceeds S\$150,000 in the Group's employment during FY2014.



# REPORT OF CORPORATE GOVERNANCE

## 3. ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

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 half-yearly basis. This responsibility extends to reports to regulators. In accordance with the Catalist Rules, the Board issued negative assurance statements in its half-year 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 a half-yearly basis.

Going forward, all of the above will be performed on a quarterly basis.

### Principle 11: Risk Management and Internal Controls

### Principle 12: Audit Committee

The AC has been established with written terms of reference and currently comprises three Independent Directors. They are:-

#### With effect from 6 May 2014

Lee Kiam Hwee Kelvin	Chairman (appointed on 6 May 2014)
Dr Ho Kah Leong	Member
Yu-Foo Yee Shoon	Member (appointed on 6 May 2014)

#### In effect till 6 May 2014

Yee Kit Hong	Chairman
Dr Ho Kah Leong	Member
Toh Tian Sze	Member
Chia Hoo Khun Valery Kelvin	Member

Lee Kiam Hwee Kelvin, an Independent Director of the Company, currently chairs the AC. The AC met 3 times in FY2014. Going forward, the AC will meet on a quarterly basis every financial year. 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;
- review 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;

# REPORT OF CORPORATE GOVERNANCE

- 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 AC have the requisite financial management expertise and experience to discharge its responsibilities.

The AC 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.

During FY2014, the amount of non-audit fees paid to the external auditors and its members was S\$151,000. The audit fees paid to the external auditors amounted to S\$112,000. The non-audit fees paid to the external auditors mainly pertains to work performed as reporting accountants for the reverse takeover of the Company by KOP Properties Pte Ltd.

The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has recommended to the Board that Deloitte & Touche LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM.

The AC also meets with the external auditors and IA 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 AC's attention. The AC has met with the external auditors and the internal auditors without the presence of the management during FY2014.

The Company confirms that it has complied with Rule 712 and Rule 715 of the Catalist Rules in relation to the external auditors.

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

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 AC and the Board. The significant risk management policies are as disclosed in the audited financial statements of this annual report.

During the year under review, the Board has received assurance from the Group CEO and Group CFO:

- That the Group's financial records have been properly maintained and the financial statements for the financial year ended 30 April 2014 give a true and fair view of the Group's business operations and finances; and
- That the effectiveness of the Group's risk management systems and internal control systems in place is adequate and effective in addressing the material risks in the Group.

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 AC, is of the opinion that the system of internal controls maintained by the Group is adequate in addressing the financial, operational, compliance and information technology risks of the Group.

The Board and the AC 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

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 AC through the Company's whistle-blowing mechanism during FY2014.

## **Principle 13: Internal Audit**

The Company has outsourced the internal audit function to a qualified public accounting firm (the "IA"). The IA is expected to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. Currently, the Company has engaged KPMG Services Pte. Ltd. as its IA to provide internal audit services in accordance with its internal audit plan.

The IA has unrestricted direct access to the AC and reports to the AC. 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 FY2014 in consultation with the AC, and submitted its annual audit plan to the AC for approval.

The AC 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 fulfill its mandate.

## **Principle 14: Shareholder rights**

### **Principle 15: Communication with Shareholders**

The Company is committed to treat all shareholders fairly and equitably to facilitate the exercise of the shareholders' ownership rights and continually review and update such governance arrangements.

The Company believes in regular and timely communication with shareholders as part of its organisational development to build systems and procedures.

Information is disseminated to shareholders on a timely and non-selective basis through:

- annual reports that are prepared and issued to all shareholders within the mandatory period;
- public announcements via the SGXNET;
- press releases; and
- the Company's website which the shareholders can access information on the Group.

The Company does not have a fixed dividend policy. No dividends will be paid on respect of FY2014 as the Company is still in a loss-making position.

## **Principle 16: Conduct of Shareholders Meeting**

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 apprised 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.

The Article of Associations allows a shareholder to appoint up to two proxies to attend and vote on his behalf at the Company's general meetings.

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM. The members of the AC, 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.

## 4. 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 one month before the announcement of the Company's half-year and full-year financial results, and ending on the date of the announcement of the relevant results.

Going forward, the directors and officers are also not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

## 5. 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 biannual basis to the AC 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.

There were no discloseable interested person transactions during FY2014.

## 6. NON-SPONSOR FEE

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The current sponsor of the Company is Hong Leong Finance Limited (the "**Sponsor**") with effect from 22 April 2014.

The sponsor of the Company from 1 May 2013 till 22 April 2014 was SAC Capital Private Limited (the "**SAC**").

Non-sponsor fee amounting to S\$6,800 was paid to SAC by the Company in FY2014.

## 7. 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 FY2014 or if not then subsisting, which were entered into since the end of the previous financial year.

# REPORT OF CORPORATE GOVERNANCE

## 8. USE OF PLACEMENT PROCEEDS

On 31 May 2013, the Company raised net proceeds of S\$2,170,000 from the issue of 34,000,000 shares pursuant to a share placement exercise as announced on 28 March 2013. The net proceeds had been partially utilised and such utilisation is in accordance with the intended use as disclosed in the Circular issued to the shareholders of the Company dated 16 May 2013. The net proceeds had been fully utilised in accordance with the intended use as disclosed in the announcement dated 1 October 2013 and is tabled below:

Description	S\$
Net proceeds raised	2,170,000
- Repayment of shareholder's loan owing to Lian Bee Metal Pte. Ltd. as announced via the SGXNET on 7 June 2013	(1,000,000)
- Acquisition of licensed rights for the co-distribution of a package of film titles in Singapore as announced via the SGXNET on 7 June 2013, 27 August 2013, 18 September 2013 and 1 October 2013	(1,170,000)
Balance proceeds	NIL

On 12 May 2014, the Company raised net proceeds of S\$20,550,000 from the issue of 80,000,000 shares pursuant to a share placement exercise as announced on 31 March 2014. The net proceeds had been fully utilised and such utilisation is in accordance with the intended use as disclosed in the Circular issued to the shareholders of the Company dated 31 March 2014. The net proceeds had been fully utilised in accordance with the intended use as disclosed in the announcements dated 6 June 2014 and 11 July 2014 and is tabled below:

Description	S\$
Net proceeds raised	20,550,000
(A) Fund expansion by way of new development projects, joint ventures, acquisitions, investments and others, including repayment of loans:	
- Payment of the Group's share of the 1st deposit and stamp duties for the acquisition of Prudential Tower	(10,762,000)
- Payment for construction project costs	(506,000)
- Repayment of bank loans	(426,000)
- Partial payment of the Group's share of the 2 <sup>nd</sup> deposit for the acquisition of Prudential Tower	(5,306,000)
(B) Working capital requirements of the Group:	
- General working capital of the Group	(3,550,000)
Balance proceeds	NIL

# REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of KOP Limited (formerly known as Scorpio East Holdings Ltd.) (the “Company”) and its subsidiaries (collectively, the “Group”) and statement of financial position and statement of changes in equity of the Company for the financial year ended April 30, 2014.

These financial statements relate solely to the Scorpio East Holdings Ltd. Group before the completion of the acquisition of KOP Properties Pte. Ltd. on May 6, 2014 and the change in name to KOP Limited.

## 1 DIRECTORS

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

Dr Ho Kah Leong  
 Ko Chuan Aun  
 Ong Chih Ching (Appointed on May 6, 2014)  
 Lenny Suparman (Appointed on May 6, 2014)  
 Lee Kiam Hwee Kelvin (Appointed on May 6, 2014)  
 Yu-Foo Yee Shoon (Appointed on May 6, 2014)

## 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.

## 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 director is deemed to have an interest		
	May 1, 2013	April 30, 2014	May 21, 2014	May 1, 2013	April 30, 2014	May 21, 2014
<u>The Company</u> (Ordinary Shares)						
Toh Tian Sze <sup>(2)</sup>	28,000	-	14,000	15,422,000 <sup>(1)</sup>	40,422,000 <sup>(1)</sup>	20,211,000 <sup>(1)</sup>
Ko Chuan Aun	-	3,000,000	1,500,000	-	-	-

(1) By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Toh Tian Sze is deemed to be interested in the shares held by Lian Bee Metal Pte. Ltd..

(2) Resigned on May 6, 2014.



# REPORT OF THE DIRECTORS

## 4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

## 5 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.

## 6 AUDIT COMMITTEE

The Audit Committee comprises the following members:

Mr Lee Kiam Hwee Kelvin <sup>(1)</sup>	Chairman and Independent director
Mrs Yu-Foo Yee Shoon <sup>(1)</sup>	Independent director
Dr Ho Kah Leong	Independent director
Mr Yee Kit Hong <sup>(2)</sup>	Chairman and Independent director
Mr Chia Hoo Khun Valery Kelvin <sup>(2)</sup>	Independent director
Mr Toh Tian Sze <sup>(2)</sup>	Independent director

(1) Appointed on May 6, 2014.

(2) Resigned on May 6 2014.

# REPORT OF THE DIRECTORS

## 6 AUDIT COMMITTEE (cont'd)

The Audit Committee has met three times since the last Annual General Meeting (“AGM”) and has reviewed the following, where relevant, with the executive director, external and internal auditors of the Company:

- (a) the audit plan and results of the external auditors’ examination of the financial statements;
- (b) the audit plan 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 statement of financial position and statement of changes in equity 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;
- (e) the 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 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 Committee.

The Audit 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.

## 7 INVESTIGATION BY THE COMMERCIAL AFFAIRS DEPARTMENT FOLLOWING THE RECEIPT OF THE SPECIAL AUDITORS’ REPORT

On March 25, 2011, the Company announced the appointment of a firm of independent accountants (the “Special Auditors”) to ascertain the veracity of certain of the Group’s transactions and balances with certain counterparties which had been entered into or terminated by the Group during the financial year ended April 30, 2011, and bank transactions in relation thereto, and further to review the circumstances leading to the creation and termination of such contracts.

Following the issue of the Special Auditors’ Report (the “Report”) on August 23, 2011, the Company had sought legal advice on the findings contained in the Report and had referred the matters specified in the Report to the Commercial Affairs Department (“CAD”).

As disclosed in Note 34 to the financial statements, the investigation by the CAD is still in progress and to the best of the Directors’ knowledge and belief, the effect of the investigation, if any, on the accompanying financial statements is not expected to be material.

# REPORT OF THE DIRECTORS

## 8 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....  
Ko Chuan Aun

.....  
Dr Ho Kah Leong

August 1, 2014

# STATEMENT OF DIRECTORS

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 31 to 76 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at April 30, 2014, and of the results, 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.

ON BEHALF OF THE DIRECTORS

.....  
Ko Chuan Aun

.....  
Dr Ho Kah Leong

August 1, 2014

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF KOP LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of KOP Limited (formerly known as Scorpio East Holdings Ltd.) (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 April 30, 2014, 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 31 to 76.

### 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 profit and loss accounts and balance sheets 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 Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at April 30, 2014 and of the results, 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 subsidiaries 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

August 1, 2014

# STATEMENTS OF FINANCIAL POSITION

April 30, 2014

	Note	GROUP		COMPANY	
		2014	2013	2014	2013
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	485,392	4,844,969	37,286	422,060
Trade receivables	8	1,012,564	2,192,460	96,300	-
Other receivables, deposits and prepayments	9	1,221,281	1,238,451	1,737,726	3,471,313
Inventories	10	114,051	191,292	-	-
Prepaid film rights	11	448,148	534,596	-	-
Total current assets		3,281,436	9,001,768	1,871,312	3,893,373
<b>Non-current assets</b>					
Other receivables, deposits and prepayments	9	88,666	118,612	-	-
Intangible assets	12	677,266	227,000	-	-
Investment in subsidiaries	13	-	-	2,714,504	4,671,548
Property, plant and equipment	14	13,943,917	11,501,077	-	-
Investment property	15	7,461,434	10,843,481	-	-
Total non-current assets		22,171,283	22,690,170	2,714,504	4,671,548
<b>Total assets</b>		<b>25,452,719</b>	<b>31,691,938</b>	<b>4,585,816</b>	<b>8,564,921</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank overdraft and borrowings (secured)	16	1,393,978	1,824,785	-	-
Finance leases	19	665,729	-	-	-
Trade payables	17	1,170,074	452,906	-	-
Other payables	18	3,049,544	6,348,815	999,857	1,388,455
Income tax payable		4,343	48,651	4,343	4,343
Total current liabilities		6,283,668	8,675,157	1,004,200	1,392,798
<b>Non-current liabilities</b>					
Bank borrowings (secured)	16	11,118,304	12,248,427	-	-
Finance leases	19	688,940	-	-	-
Total non-current liabilities		11,807,244	12,248,427	-	-
<b>Capital, reserves and non-controlling interests</b>					
Share capital	21	18,396,087	16,186,087	18,396,087	16,186,087
Foreign currency translation reserve		(1,727)	1,358	-	-
Accumulated losses		(10,746,134)	(5,273,303)	(14,814,471)	(9,013,964)
Equity attributable to owners of the Company		7,648,226	10,914,142	3,581,616	7,172,123
Non-controlling interests		(286,419)	(145,788)	-	-
Net equity		7,361,807	10,768,354	3,581,616	7,172,123
Total liabilities and equity		25,452,719	31,691,938	4,585,816	8,564,921

See accompanying notes to financial statements.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended April 30, 2014

		GROUP	
	Note	2014 \$	2013 \$
<b>Revenue</b>	22	6,689,834	6,151,506
Cost of services		<u>(6,689,844)</u>	<u>(4,711,709)</u>
<b>Gross (loss) profit</b>		(10)	1,439,797
Other operating income	23	321,270	886,765
Distribution costs		(50,243)	(131,929)
Administrative expenses		(5,123,590)	(2,774,021)
Other operating expenses	24	(432,409)	(323,625)
Finance costs	25	<u>(370,144)</u>	<u>(324,026)</u>
<b>Loss before income tax</b>		(5,655,126)	(1,227,039)
Income tax	26	<u>44,311</u>	-
<b>Loss for the year</b>	27	(5,610,815)	(1,227,039)
<b>Other comprehensive loss for the year, after tax:</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange difference on translation of foreign operations		<u>(5,732)</u>	<u>(5,031)</u>
<b>Total comprehensive loss for the year</b>		<u><u>(5,616,547)</u></u>	<u><u>(1,232,070)</u></u>
<b>Loss attributable to:</b>			
Owners of the Company		(5,472,831)	(1,203,329)
Non-controlling interests		(137,984)	(23,710)
		<u><u>(5,610,815)</u></u>	<u><u>(1,227,039)</u></u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(5,475,916)	(1,205,666)
Non-controlling interests		(140,631)	(26,404)
		<u><u>(5,616,547)</u></u>	<u><u>(1,232,070)</u></u>
<b>Loss per share (cents)</b>			(Restated)
Basic and diluted	28	<u><u>(6.04)</u></u>	<u><u>(1.71)</u></u>

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Financial year ended April 30, 2014

	Share capital \$ (Note 21)	Foreign currency translation reserve \$	Accumulated losses \$	Attributable to owners of the Company \$	Non- controlling interests \$	Total \$
<u>GROUP</u>						
Balance at May 1, 2012	14,561,087	3,695	(4,069,974)	10,494,808	(47,225)	10,447,583
Loss for the year, representing total comprehensive loss for the year	-	(2,337)	(1,203,329)	(1,205,666)	(26,404)	(1,232,070)
Transactions with owners, recognised directly in equity						
- Issue of shares	1,625,000	-	-	1,625,000	-	1,625,000
- Disposal of subsidiary	-	-	-	-	(72,159)	(72,159)
Total	1,625,000	-	-	1,625,000	(72,159)	1,552,841
Balance at April 30, 2013	16,186,087	1,358	(5,273,303)	10,914,142	(145,788)	10,768,354
Loss for the year, representing total comprehensive loss for the year	-	(3,085)	(5,472,831)	(5,475,916)	(140,631)	(5,616,547)
Transactions with owners, recognised directly in equity						
- Issue of shares	2,210,000	-	-	2,210,000	-	2,210,000
Balance at April 30, 2014	18,396,087	(1,727)	(10,746,134)	7,648,226	(286,419)	7,361,807

# STATEMENTS OF CHANGES IN EQUITY

Financial year ended April 30, 2014

	Share capital \$ (Note 21)	Accumulated losses \$	Total \$
<u>COMPANY</u>			
Balance at May 1, 2012	14,561,087	(6,577,344)	7,983,743
Loss for the year, representing total comprehensive income for the year	-	(2,436,620)	(2,436,620)
Transactions with owners, recognised directly in equity			
- Issue of shares	1,625,000	-	1,625,000
Balance at April 30, 2013	16,186,087	(9,013,964)	7,172,123
Loss for the year, representing total comprehensive income for the year	-	(5,800,507)	(5,800,507)
Transactions with owners, recognised directly in equity			
- Issue of shares	2,210,000	-	2,210,000
Balance at April 30, 2014	18,396,087	(14,814,471)	3,581,616

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended April 30, 2014

	GROUP	
	2014	2013
	\$	\$
<b>Operating activities</b>		
Loss before income tax	(5,655,126)	(1,227,039)
Adjustments for:		
Amortisation of intangible assets	398,500	162,000
Reversal of impairment on intangible assets	-	(37,435)
Prepaid film rights written off	-	13,838
Prepayments written off	-	7,317
Allowance for (Reversal of) doubtful debts - trade	251,449	(24,381)
Receivables from Scorpio Contracts written off	8,333	-
Deposits written off	10,051	-
Interest income on financial assets carried at amortised cost	(12,524)	(68,610)
Depreciation of property, plant and equipment	1,262,387	677,112
Interest expense	370,144	324,026
Allowance for inventory written down value	55,415	316,793
Fair value gain on investment property	(232,447)	(717,427)
Gain on disposal of subsidiary	-	(41,598)
Foreign exchange adjustments	(5,729)	(5,016)
Operating loss before working capital changes	<u>(3,549,547)</u>	<u>(620,420)</u>
Trade receivables	920,114	98,398
Other receivables and prepayments	49,589	58,200
Prepaid film rights	86,448	(419,447)
Inventories	21,826	247,331
Trade payables	717,168	(149,891)
Other payables	(2,119,616)	428,252
Cash used in operations	<u>(3,874,018)</u>	<u>(357,577)</u>
Interest paid	(374,799)	(321,806)
Net cash used in operating activities	<u>(4,248,817)</u>	<u>(679,383)</u>
<b>Investing activities</b>		
Fixed deposits with maturity of more than 3 months	-	138,707
Intangible assets	(848,766)	(273,000)
Net cash outflow arising from disposal of subsidiary (Note 29)	-	(30,561)
Purchases of property, plant and equipment	(90,733)	(481,974)
Net cash used in investing activities	<u>(939,499)</u>	<u>(646,828)</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended April 30, 2014

	GROUP	
	2014	2013
	\$	\$
<b>Financing activities</b>		
Proceeds from bank loans	-	5,000,000
Repayment of bank loans	(1,824,784)	(2,349,186)
Obligation under finance leases	1,997,080	-
Repayment of obligation under finance leases	(642,411)	-
Proceeds from issuance of shares	2,210,000	1,625,000
Shareholder's loan	-	1,500,000
Repayment of shareholder's loan	(1,175,000)	(1,500,000)
Net cash from financing activities	<u>564,885</u>	<u>4,275,814</u>
Net (decrease) increase in cash and cash and cash equivalents	(4,623,431)	2,949,603
Cash and cash equivalents at beginning of year	<u>4,844,969</u>	<u>1,895,366</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>221,538</u></u>	<u><u>4,844,969</u></u>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 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 (2013: 25 Tai Seng Avenue, #06-01, Scorpio East 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.

The principal activity of the Company is to carry on the business of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company for the financial year ended April 30, 2014 were authorised for issue by the Board of Directors on August 1, 2014.

The consolidated financial statements relate solely to the Scorpio East Holdings Ltd. Group before the completion of the acquisition of KOP Properties Pte. Ltd. on May 6, 2014 and the change in name to KOP Limited as disclosed in Note 35 (b) and (c).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements are 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 financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

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.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On May 1, 2013, the Group and the Company have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that day 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 the Company's accounting policies and has no material effect on the amounts reported for the current or prior years including the following:

### **Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income***

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (A) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

### **Amendments to FRS 113 *Fair Value Measurement***

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, 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 (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 110 *Consolidated Financial Statements - Investment Entities*
- FRS 110, FRS 111, FRS 112 *Transition Guidance*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs and amendments to FRS 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 as disclosed below.



# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### **Amendments to FRS 32 *Financial Instruments: Presentation***

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

Management is still evaluating the impact of the amendments to FRS 32 on the financial assets and liabilities that have been set-off in the statement of financial position.

### **Amendments to FRS 36 *Impairment of Assets***

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash-generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders 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. 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. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control 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 subsidiary. 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.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the Group loses control of a subsidiary, the profit or loss on disposal 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 (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries 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 (see below). 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 in accordance with *FRS 39 Financial Instruments: Recognition and Measurement*, or *FRS 37 Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being 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 the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with *FRS 102 Share-based Payment*; and
- 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.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### 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. Interest income and expense are recognised on an effective basis for debt instruments.

### **Financial assets**

#### Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method less impairment, except for short-term receivables when the recognition of interest would be immaterial.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, bank deposits less bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where 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 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.

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 or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### 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

April 30, 2014

## 2 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, except for short-term payables when the recognition of interest would be immaterial with interest expense recognised on an effective yield basis. Interest-bearing bank overdraft and borrowings are initially measured at fair value (net of transaction costs), and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of bank overdraft or borrowings is recognised over the term of the bank overdraft or borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

#### Derecognition of financial liabilities

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

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 on a straight-line basis over the lease term.

#### The Group as lessee

Assets held under finance lease 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.

Rentals payable under operating leases are charged to the 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

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as 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.

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

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.

PROPERTY, PLANT AND EQUIPMENT - Property, 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, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	-	30 years
Building	-	50 years
Air-conditioners, video recorders and renovation	-	3 years
Furniture and fittings	-	3 years
Office equipment	-	3 years
Motor vehicles	-	5 years
Machinery and factory equipment	-	2 to 7 years

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

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 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.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INTANGIBLE ASSETS - 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.

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.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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 estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (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.

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.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

### Grant of sub-distribution rights

Revenue from grant of sub-distribution rights are recognised in accordance with the substance of the agreement, on a straight-line basis over the life of the agreement.

### Sale of tickets

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

### Sale of goods and assignment of distribution rights

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

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

### 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.



# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 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.

**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.

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 as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, 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.

**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 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 (and tax laws) is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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.

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.

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 the 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.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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).

**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.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates 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 or 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations 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 reserve.

On the disposal of a foreign operation (i.e. a disposal of Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary 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.

In 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.

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 instrument 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 reserve.

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.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Board of Directors ("BOD"), who act as the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's BOD to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 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.

### ***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 except for the judgement in relation to the investigation referred to in Note 34 and those affecting accounting estimates as disclosed 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:

#### Allowances for bad and doubtful debts

The policy for allowances for bad and doubtful debts of the Company and the Group is based on the evaluation of collectibility 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 the trade and other receivables balances based on their judgement. The assessment has led to recognition of allowance for impairment of \$251,449 (2013: reversal of allowance for impairment of \$24,381) during the year.

The carrying amounts of the trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

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

### Impairment of investment in subsidiaries and amounts due from subsidiaries

Management has carried out a review of the recoverable amount of the investment 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 the fair value less cost to sell and is satisfied that the recoverable amounts are higher than the carrying value of the subsidiaries. The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries. The assessment has led to recognition of allowance for impairment of investment in subsidiaries of \$1,957,044 (2013: \$2,298,939) and allowance for impairment of amounts due from subsidiaries of \$2,461,391 (2013: \$650,000) during the year.

The carrying amounts of the investment in subsidiaries and amounts due from subsidiaries are disclosed in Notes 13 and 9 to the financial statements respectively.

### Impairment of intangible assets

In determining whether impairment on film production in progress is required, management takes into consideration the territorial rights of the assets and their duration period, the current market environment, and the estimated market value of the assets.

Impairment requires an estimation of future cash flows expected to be derived from the intangible assets. When the expected future net revenue of the intangible assets is estimated to be less than its carrying values, the carrying values shall be written down to its expected future net revenue, net of any direct costs and discounted to present value.

Management has evaluated the carrying value of intangible assets based on their judgement. The assessment has led to a reversal of allowance for impairment of intangible assets of \$Nil (2013: \$37,435) during the year.

The carrying value which is based on the value in use of the intangible assets is estimated based on the present value of the future cash flows expected to be derived. The discounted cash flow forecasts are derived from the most recent financial budgets approved by management using a discount rate of 10% (2013: 10%) per annum.

The carrying amounts of the intangible assets are disclosed in Note 12 to the financial statements.

### Useful lives and depreciation of property

Management has assessed the useful life of the building to be 50 years and accordingly the depreciation period is estimated to be 50 years, using the straight line method. The estimated useful life reflects the management's estimates of the period that the Group intends to derive future economic benefits from the use of the building and an expectation that a lease extension on the leasehold land on which the property is built would be granted. The current lease period is 30 years and management is of the opinion that a lease extension of 30 years would be obtained.

### 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 property, plant and equipment are determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

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

Management has carried out a review of the recoverable amount of the property, plant and equipment based on their value-in-use and assessed that no impairment was required.

The carrying amounts of the property, plant and equipment are disclosed in Note 14 to the financial statements.

### Valuation of the investment property

As described in Note 2, 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 15 to the financial statements.

## 4 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:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	2,579,054	8,014,769	1,862,712	3,893,373
<b>Financial liabilities</b>				
Amortised cost	18,086,569	20,874,933	999,857	1,388,455

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

The Group and Company do not have any financial instruments which are subjected to offsetting, under enforceable master netting arrangements or similar netting agreements.

### (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. Market risk exposures are measured using sensitivity analysis indicated below.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

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

### (i) Foreign exchange risk management

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than Singapore dollar. The currencies giving rise to this risk are primarily United States dollar, Malaysian ringgit, Hong Kong dollar and Euro dollar. 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 the reporting period, the carrying amounts of monetary assets and monetary liabilities in currencies other than the respective Group entities' functional currencies are as follows:

	<u>GROUP</u>			
	<u>Assets</u>		<u>Liabilities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
United States dollar	237,086	159,488	-	79,390
Malaysian ringgit	101,633	-	403	-
Hong Kong dollar	866	-	-	-
Euro dollar	-	24,591	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

### *Foreign currency sensitivity*

The following table details the sensitivity to a 10% 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 10% change in foreign currency rates.

If the relevant foreign currency were to strengthen by 10% against the functional currency of each Group entity, the Group's loss for the year will decrease by:

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
<u>Impact of:</u>		
United States dollar	23,709	8,010
Malaysian ringgit	10,123	-
Hong Kong dollar	87	-
Euro dollar	-	2,459
	<hr/>	<hr/>

The opposite applies if the relevant foreign currencies were to weaken by 10% against the functional currency of each Group entity.

The Company's monetary assets and liabilities are denominated in its functional currency, Singapore dollars. Accordingly, foreign currency sensitivity analysis has not been prepared.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

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

### (ii) Interest rate risk management

Summary quantitative data of the Group's and the Company's interest-bearing financial instruments can be found in Section (iv) of this note. 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.

#### *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 and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss for the year ended April 30, 2014 would increase/decrease by \$62,561 (2013: \$53,335) 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 has no interest-bearing financial assets and 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 a loss to the Company. The Group has 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 the 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 exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statement of financial position. The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

The maximum amount the Company could be forced to settle under the financial guarantee contract in Note 30, if the full guaranteed amount is claimed by the counterparty to the guarantee, is \$12,512,282 (2013: \$14,073,212). 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.

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 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 Notes 8 and 9 to the financial statements respectively.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

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

### (iv) Liquidity risk management

At the end of the reporting period, the Group's net current liabilities exceeded its net current assets by \$3,002,232. The financial statements have been prepared on a going concern basis as the Group will be able to pay its debt as and when they fall due pursuant to the completion of the reverse takeover of the Company and shares placement for cash of \$22,400,000 subsequent to the reporting period as further detailed in Note 35 (b) and (d) respectively.

#### *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 adjustment amount 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 liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
<b>2014</b>						
Non-interest bearing	-	4,219,618	-	-	-	4,219,618
Variable interest rate instruments	2.38 to 5.25	1,699,343	5,414,796	7,156,074	(1,757,931)	12,512,282
Finance lease liability (fixed rate)	1.80	701,676	701,570	-	(48,577)	1,354,669
		<u>6,620,637</u>	<u>6,116,366</u>	<u>7,156,074</u>	<u>(1,806,508)</u>	<u>18,086,569</u>

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
<b>2013</b>						
Non-interest bearing	-	4,804,641	-	-	-	4,804,641
Variable interest rate instruments	2.43	1,822,474	5,537,983	8,482,482	(2,105,760)	13,737,179
Finance lease liability (fixed rate) [Note 18 (a)]	1.80	642,411	1,462,511	-	(107,842)	1,997,080
Fixed interest rate instruments	5.00	343,193	-	-	(7,160)	336,033
		<u>7,612,719</u>	<u>7,000,494</u>	<u>8,482,482</u>	<u>(2,220,762)</u>	<u>20,874,933</u>

The Company's financial liabilities in 2013 and 2014 are repayable on demand or due within 1 year from the end of the reporting period.



# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

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

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 30, if the full guaranteed amount is claimed by the counterparty to the guarantee, is \$12,512,282 (2013: \$14,073,212). The earliest period that the guarantee could be called is within 1 year (2013: 1 year) from the end of the reporting period. As mentioned in Note 4 (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 Group's and the Company's financial assets in 2013 and 2014 are repayable on demand or due within 1 year from the end of the reporting period except for certain other receivable balance as disclosed in Note 9.

#### (v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, 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. The fair value of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

#### (c) *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 overdraft and borrowings, shareholders' loans and equity attributable to owners of the Company, comprising issued share capital and accumulated losses as disclosed in the notes to financial statements.

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 Company actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. At the end of the reporting period, the Group's gearing ratio is 1.88 (2013: 1.31).

Management would also monitor compliance with the financial covenants imposed by various financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed requirements.

The Group's and Company's overall strategy on capital risk management remains unchanged from prior year.

## 5 RELATED COMPANY TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. The intercompany balances are unsecured, interest-free and repayable on demand.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 6 RELATED PARTY 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.

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
<u>Entities controlled by the common director of the Company:</u>		
Travelling expenses	19,372	6,945
Repair and maintenance	7,400	27,550
Legal and professional fees	-	10,186
	<u>          </u>	<u>          </u>

### **Compensation of directors and key management personnel**

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

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Short-term benefits	608,500	576,250
Post-employment benefits	39,603	34,285
Total	<u>648,103</u>	<u>610,535</u>

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

## 7 CASH AND CASH EQUIVALENTS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Cash on hand	2	2	1	1
Cash at bank	485,390	4,704,953	37,285	422,059
Fixed deposits <sup>(a)</sup>	-	140,014	-	-
	<u>485,392</u>	<u>4,844,969</u>	<u>37,286</u>	<u>422,060</u>
Less: bank overdrafts (Note 16)	(263,854)	-	-	-
Cash and cash equivalents in the statement of cash flows	<u>221,538</u>	<u>4,844,969</u>	<u>37,286</u>	<u>422,060</u>

(a) In prior year, fixed deposits bore an effective interest rate of 0.97% per annum and was for a tenure of a month.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 8 TRADE RECEIVABLES

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Outside parties	2,150,926	3,079,373	-	-
Subsidiary (Notes 5 and 13)	-	-	96,300	-
Less: Allowance for impairment	(1,138,362)	(886,913)	-	-
Net	<u>1,012,564</u>	<u>2,192,460</u>	<u>96,300</u>	<u>-</u>

The average credit period on sale of goods and rendering of services is from 30 to 180 days (2013: 30 to 180 days). No interest is charged on the overdue balances.

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

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Not past due and not impaired	155,785	1,943,177	96,300	-
Past due but not impaired	856,779	249,283	-	-
	<u>1,012,564</u>	<u>2,192,460</u>	<u>96,300</u>	<u>-</u>

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Impaired receivables - individually impaired <sup>(a)</sup>				
- Past due and no response to repayment demands	1,138,362	886,913	-	-
Less: Allowance for impairment	(1,138,362)	(886,913)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total trade receivables, net	<u>1,012,564</u>	<u>2,192,460</u>	<u>96,300</u>	<u>-</u>

(a) These amounts are stated before any deduction for impairment loss.

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

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
<3 months	362,976	82,083	-	-
3 months to 6 months	431,981	167,200	-	-
> 6 months	61,822	-	-	-
	<u>856,779</u>	<u>249,283</u>	<u>-</u>	<u>-</u>

The trade receivables that are neither past due nor impaired relate to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 8 TRADE RECEIVABLES (cont'd)

Included in the Group's trade receivable balance are debtors with a carrying amount of \$856,779 (2013: \$249,283) which are past due at the end of the reporting period for which the Group has not provided 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.

As at April 30, 2014, 81.02% (2013: 68.40%) of trade receivables balance amounting to \$820,361 (2013: \$1,499,595) relates to four (2013: three) major outside parties.

Movements in the allowance for impairment:

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Balance at beginning of the year	886,913	914,825
Charged (Credited) to profit or loss (Note 24)	251,449	(24,381)
Exchange differences	-	(3,531)
Balance at end of the year	<u>1,138,362</u>	<u>886,913</u>

Trade 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.

## 9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Subsidiaries (Notes 5 and 13)	-	-	8,050,000	7,304,909
Less: Allowance for impairment	-	-	(6,346,300)	(3,884,909)
Net subsidiaries balances	-	-	<u>1,703,700</u>	<u>3,420,000</u>
Receivables from Scorpio Contracts <sup>(a)</sup>	3,260,000	3,473,333	-	-
Less: Allowance for impairment <sup>(a)</sup>	(2,886,972)	(2,899,496)	-	-
Net receivables from Scorpio Contracts	<u>373,028</u>	<u>573,837</u>	-	-
Deposits for Alpha Contracts <sup>(b)</sup>	340,000	340,000	-	-
Less: Allowance for impairment <sup>(b)</sup>	(340,000)	(340,000)	-	-
Net deposits for Alpha Contracts	-	-	-	-
Outside parties	548,070	117,845	-	-
Deposits	41,990	126,970	5,920	51,313
Prepayments	228,849	379,723	8,600	-
Others	118,010	158,688	19,506	-
Total	<u>1,309,947</u>	<u>1,357,063</u>	<u>1,737,726</u>	<u>3,471,313</u>
Less: Non-current portion <sup>(a)</sup>	(88,666)	(118,612)	-	-
Current portion	<u>1,221,281</u>	<u>1,238,451</u>	<u>1,737,726</u>	<u>3,471,313</u>

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

Movement in the allowance for impairment:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Balance at beginning of year	3,239,496	3,308,106	3,884,909	3,234,909
(Credited) Charged to profit or loss	(12,524) <sup>(c)</sup>	(68,610) <sup>(c)</sup>	2,461,391	650,000
Balance at end of year	<u>3,226,972</u>	<u>3,239,496</u>	<u>6,346,300</u>	<u>3,884,909</u>

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

Movements in receivables from Scorpio Contracts are as follows:

	GROUP	
	2014	2013
	\$	\$
-		
Scorpio Contracts:		
At beginning of the year	573,837	745,227
Cash refunded from a producer during the year	(205,000)	(240,000)
Written off during the year (Note 24)	(8,333)	-
Interest income on financial assets carried at amortised cost	12,524	68,610
At end of year, Net	<u>373,028</u>	<u>573,837</u>
Less: Non-current portion	<u>(88,666)</u>	<u>(118,612)</u>
Current portion	<u>284,362</u>	<u>455,225</u>

The fair value of the non-current portion of the receivables from Scorpio Contracts approximates its carrying amount.

- (b) This represents deposits paid to a producer to produce 2 movies and 12 concerts ("Alpha Contracts") with a total contract value of \$6,200,000 (2013: \$6,200,000).

During the financial year ended April 30, 2012, management considered that the \$2,860,000 cash purportedly received from the producer of the Alpha Contracts should be netted-off against the purported deposits paid of \$3,200,000 to the producer of the Alpha Contracts, resulting in a net balance of \$340,000. Management impaired the net balance of \$340,000 after considering the likelihood of recovery.

- (c) This represents interest income on financial assets carried at amortised cost (Note 23).

## 10 INVENTORIES

	GROUP	
	2014	2013
	\$	\$
Finished goods	169,466	508,085
Less: Allowance for inventory written down value charged to profit or loss (Note 24)	(55,415)	(316,793)
Net	<u>114,051</u>	<u>191,292</u>

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 recognition of allowance for inventory written down value of \$55,415 (2013: \$316,793) during the year.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 11 PREPAID FILM RIGHTS

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
At beginning of year	534,596	128,987
Additions	2,703,020	1,330,614
Charged to profit or loss (included in cost of services in the consolidated statement of profit or loss and other comprehensive income)	(2,789,468)	(911,167)
Written off to profit or loss (Note 24)	-	(13,838)
At end of year	<u>448,148</u>	<u>534,596</u>

## 12 INTANGIBLE ASSETS

	<u>License</u>	<u>Content</u>	<u>Total</u>
	<u>cost</u>	<u>production</u>	<u>Total</u>
	\$	\$	\$
<u>GROUP</u>			
Cost:			
At May 1, 2012	983,075	8,731,441	9,714,516
Additions	193,000	80,000	273,000
At April 30, 2013	<u>1,176,075</u>	<u>8,811,441</u>	<u>9,987,516</u>
Additions	578,766	270,000	848,766
At April 30, 2014	<u>1,754,841</u>	<u>9,081,441</u>	<u>10,836,282</u>
Amortisation:			
At May 1, 2012	635,381	6,732,216	7,367,597
Amortisation for the year (Note 27)	106,000	56,000	162,000
At April 30, 2013	<u>741,381</u>	<u>6,788,216</u>	<u>7,529,597</u>
Amortisation for the year (Note 27)	254,000	144,500	398,500
At April 30, 2014	<u>995,381</u>	<u>6,932,716</u>	<u>7,928,097</u>
Impairment:			
At May 1, 2012	269,129	1,999,225	2,268,354
Credited to profit or loss during the year (Note 24)	(37,435)	-	(37,435)
At April 30, 2013 and 2014	<u>231,694</u>	<u>1,999,225</u>	<u>2,230,919</u>
Carrying amount:			
At April 30, 2014	<u>527,766</u>	<u>149,500</u>	<u>677,266</u>
At April 30, 2013	<u>203,000</u>	<u>24,000</u>	<u>227,000</u>

The amortisation expense has been included in the line item "cost of services" in the statement of profit or loss and other comprehensive income. The expected useful life of the intangible assets ranges between one to four years.

During the previous financial year, an impairment of \$37,435 had been reversed as a result of intangible assets being realised above their carrying amounts.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 13 INVESTMENT IN SUBSIDIARIES

	<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Unquoted equity shares, at cost	10,600,281	10,600,281
Less: Allowance for impairment	(7,885,777)	(5,928,733)
Carrying amount of investment in subsidiaries	<u>2,714,504</u>	<u>4,671,548</u>

Movement in the allowance for impairment:

	<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Balance at beginning of year	5,928,733	3,629,794
Charged to profit or loss	1,957,044	2,298,939
Balance at end of year	<u>7,885,777</u>	<u>5,928,733</u>

Details of the Company's subsidiaries at April 30 are as follows:

<u>Name of Company</u>	Principal activities/ Country of incorporation	<u>Cost of investment</u>		<u>Effective equity interest held by Group</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		\$	\$	%	%
Scorpio East Entertainment Pte. Ltd. <sup>(1)</sup>	Distribution of video programmes for home entertainment/ Singapore	4,672,085	4,672,085	100.00	100.00
Scorpio East Multimedia Pte. Ltd. <sup>(1)</sup>	Packaging of disk media and distribution of film rights/ Singapore	722,780	722,780	100.00	100.00
Scorpio East Pictures Pte. Ltd. <sup>(1)</sup>	Film production investment, provision of producer services, event organiser, acquisition and distribution of film rights/ Singapore	1,500,000	1,500,000	100.00	100.00
Scorpio East Pictures Sdn. Bhd. <sup>(2)</sup>	Acquisition and distribution of film rights within the territory of Malaysia/ Malaysia	105,416	105,416	51.00	51.00

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 13 INVESTMENT IN SUBSIDIARIES (cont'd)

<u>Name of Company</u>	Principal activities/ Country of incorporation	<u>Cost of investment</u>		<u>Effective equity interest held by Group</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		\$	\$	%	%
Scorpio East Pictures (H.K.) Limited <sup>(3)</sup>	Dormant/ Hong Kong	*	*	100.00	100.00
Scorpio East Leisure Pte. Ltd. <sup>(3)</sup>	Dormant/ Singapore	100,000	100,000	100.00	100.00
Scorpio East Productions Pte. Ltd. <sup>(1)</sup>	Event organiser/ Singapore	1,000,000	1,000,000	52.63	52.63
Scorpio East Properties Pte. Ltd. <sup>(1)</sup>	Real estate activities/ Singapore	2,500,000	2,500,000	100.00	100.00
Total		<u>10,600,281</u>	<u>10,600,281</u>		

### Notes:

\* HK\$1.

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Reviewed for consolidation purpose.

(3) Not audited as the subsidiary is dormant since incorporation.



# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Building	Air- conditioners, video recorders and renovation	Furniture and fittings	Office equipment	Motor vehicles	Machinery and factory equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<u>GROUP</u>								
Cost:								
At May 1, 2012	989,219	7,961,695	892,803	1,357,874	301,078	33,818	23,620	11,560,107
Additions	-	-	-	-	71,138	-	2,853,027	2,924,165
At April 30, 2013	989,219	7,961,695	892,803	1,357,874	372,216	33,818	2,876,647	14,484,272
Additions	-	-	68,500	22,233	-	-	-	90,733
Transfer from investment property (Note 15)	-	3,614,494	-	-	-	-	-	3,614,494
Disposal	-	-	-	-	(2,775)	-	-	(2,775)
At April 30, 2014	989,219	11,576,189	961,303	1,380,107	369,441	33,818	2,876,647	18,186,724
Accumulated depreciation:								
At May 1, 2012	98,922	477,702	516,085	814,153	220,399	33,818	22,351	2,183,430
Depreciation	32,974	159,234	174,494	243,497	18,349	-	48,564	677,112
Translation reserve	-	-	-	-	11	-	-	11
At April 30, 2013	131,896	636,936	690,579	1,057,650	238,759	33,818	70,915	2,860,553
Depreciation	32,974	201,403	181,344	246,266	29,541	-	570,859	1,262,387
Disposal	-	-	-	-	(2,775)	-	-	(2,775)
At April 30, 2014	164,870	838,339	871,923	1,303,916	265,525	33,818	641,774	4,120,165
Accumulated impairment:								
At April 30, 2014 and 2013	-	-	4,334	56,728	61,580	-	-	122,642
Carrying amount:								
At April 30, 2014	824,349	10,737,850	85,046	19,463	42,336	-	2,234,873	13,943,917
At April 30, 2013	857,323	7,324,759	197,890	243,496	71,877	-	2,805,732	11,501,077

The granted lease term for the leasehold land and building is for a period of 30 plus 30 years (2013: 30 plus 27 years) which is subject to approval by JTC Corporation.

The Group has pledged leasehold land and building with a total carrying value of \$11,562,199 (2013: \$8,182,082) to secure the bank overdraft, borrowings and banking facilities as disclosed in Note 16 to the financial statements.

As at the end of the reporting period, the Group has equipment held under finance leases (Note 19) with carrying amount of \$2,234,873 (2013: \$Nil).

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 15 INVESTMENT PROPERTY

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
At beginning of year	10,843,481	10,126,054
Transfer to property, plant and equipment at fair value (Note 14)	(3,614,494)	-
Gain from fair value adjustments credited to profit or loss (Note 23)	232,447	717,427
At end of year	<u>7,461,434</u>	<u>10,843,481</u>

The transfer to property, plant and equipment is due to the Group occupying certain units which were previously rented to third parties.

### **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 April 30, 2014 (2013: April 19, 2013), 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 (2013: Comparable Sales Method), based on assumption that investment property has a tenure of 30 plus 30 years (2013: 30 plus 27 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 April 30, 2014 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value as at April 30, 2014
	\$	\$	\$	\$
Investment property located at 25 Tai Seng Avenue Scorpio East Building #03-01, #03-02, #03-03, #04-01, and #05-01 Singapore 534104	-	-	7,461,434	<u>7,461,434</u>

There were no transfers between Levels 2 and 3 during the year.

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

<u>Description</u>	<u>Fair value as at April 30, 2014</u>	<u>Valuation technique(s)</u>	<u>Significant unobservable input(s)</u>
Investment property			
Gross floor: 19,000 sq ft	\$7,461,434	Comparable sales method	Price per square meter <sup>(a)</sup>

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

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 15 INVESTMENT PROPERTY (cont'd)

The property rental income from the Group's investment property all of which are leased out under operating leases, amounted to \$972,054 (2013: \$593,746). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to \$110,258 (2013: \$149,806).

As at the end of the reporting period, the investment property was pledged to secure bank overdraft, borrowings and banking facilities as disclosed in Note 16 to the financial statements.

## 16 BANK OVERDRAFT AND BORROWINGS (SECURED)

	GROUP	
	2014	2013
	\$	\$
Bank overdraft <sup>(a)</sup>	263,854	-
Bank loans:		
- Term loan I <sup>(b)</sup>	753,332	828,666
- Term loan II <sup>(b)</sup>	6,971,896	7,669,086
- Term loan III <sup>(b)</sup>	-	358,627
- Term loan IV <sup>(c)</sup>	-	269,030
- Term loan V <sup>(d)</sup>	-	37,270
- Term loan VI <sup>(e)</sup>	-	29,733
- Term loan VII <sup>(b)</sup>	4,523,200	4,880,800
Total	12,512,282	14,073,212
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,393,978)	(1,824,785)
Amount due for settlement after 12 months	11,118,304	12,248,427

(a) The bank overdraft bears an effective interest rate of 5.25% per annum and is repayable within 12 months. The bank overdraft is arranged at floating rates and thus exposing the Group to cash flow interest rate risk.

(b) The effective interest rate on bank loans is 2.38% (2013: 2.44%) per annum. The term loans I and II are repayable in 180 equal monthly payments and the term loan III is repayable in 60 equal monthly payments respectively, commencing from May 1, 2009. The term loan VII is repayable in 167 equal monthly payments respectively, commencing from December 17, 2012.

The term loans I, II, III and VII are arranged at floating rates and thus exposing the Group to cash flow interest rate risk.

(c) The term loan IV bore a fixed interest rate of 5.00% per annum with a tenure of 4 years. The term loan IV was repayable in 48 equal monthly payments commencing from November 2009. The term loan was arranged at fixed rate thus exposing the Group to fair value risk.

(d) The term loan V bore a fixed interest rate of 5.00% per annum with a tenure of 4 years. The term loan V was repayable in 48 equal monthly payments commencing from May 2009. The term loan was arranged at fixed rate thus exposing the Group to fair value risk.

(e) The term loan VI bore a fixed interest rate of 5.00% per annum with a tenure of 3 years. The term loan VI was repayable in 36 equal monthly payments commencing from June 2010. The term loan was arranged at fixed rate thus exposing the Group to fair value risk.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 16 BANK OVERDRAFT AND BORROWINGS (SECURED) (cont'd)

The Group's bank overdraft, borrowings and banking facilities are secured by:

- (i) Mortgage over the whole of the leasehold land and buildings erected on 25 Tai Seng Avenue (Notes 14 and 15);
- (ii) Assignment of insurance proceed and rights in relation to the property; and
- (iii) A corporate guarantee from the Company (Note 30).

At April 30, 2014, the Group had available \$300,000 (2013: \$2,300,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The fair values of the bank borrowings approximate their carrying amounts.

## 17 TRADE PAYABLES

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Outside parties	<u>1,170,074</u>	<u>452,906</u>

The credit period on purchases of goods and services ranges between 30 to 120 days (2013: 30 to 120 days). No interest is charged on the overdue balances.

## 18 OTHER PAYABLES

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Third parties	1,160,679	-	671,234	-
Accruals	1,595,724	1,865,449	258,585	342,237
Amount due to director (Note 6)	70,038	-	70,038	-
Deposits received	210,225	438,179	-	-
Others <sup>(a)</sup>	12,878	2,870,187	-	46,218
Shareholders' loans (Note 6) <sup>(b)</sup>	-	1,175,000	-	1,000,000
Total	<u>3,049,544</u>	<u>6,348,815</u>	<u>999,857</u>	<u>1,388,455</u>

(a) Included in this balance for 2013 were the costs of concert and event equipment of \$2,442,191 which were accrued as at April 30, 2013. During the financial year ended April 30, 2014, the cost of \$1,997,080 was rearranged under finance lease agreement.

(b) The shareholders' loans were unsecured, interest-free and repaid during the year.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 19 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	\$	\$	\$	\$
<u>Group</u>				
Amounts payable under finance leases:				
Within one year	701,676	-	665,729	-
In the second to fifth year inclusive	701,570	-	688,940	-
Total	1,403,246	-	1,354,669	-
Less: Future finance charges	(48,577)	-	NA	NA
Present value of lease obligations	1,354,669	-	1,354,669	-
Less: Amount due for settlement within 12 months (shown under current liabilities)				
			(665,729)	-
Amount due for settlement after 12 months			688,940	-

It is the Group's policy to lease certain of its equipment under finance leases. The term of the finance lease is 3 years and bears an effective borrowing rate of 1.80% per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance lease are secured by the leased assets (Note 14).

## 20 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:

	Unutilised tax losses	Accelerated tax depreciation over accounting depreciation	Net deferred tax
	\$	\$	\$
<u>GROUP</u>			
At May 1, 2012	71,271	(71,271)	-
Credited (Charged) to profit or loss	52,512	(52,512)	-
At April 30, 2013 and 2014	123,783	(123,783)	-

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of \$12,398,672 (2013: \$12,390,097) and capital allowances of \$1,378,111 (2013 : \$109,166) available for offset against future profits.

No deferred tax assets have been recognised in respect of the unutilised tax losses and capital allowance due to the unpredictability of future profit streams. The unutilised tax losses and capital allowances may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 21 SHARE CAPITAL

	<u>GROUP AND COMPANY</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	Number of ordinary shares		\$	\$
Issued and paid up capital:				
At beginning of the year	150,168,117	125,168,117	16,186,087	14,561,087
Issued for cash	34,000,000	25,000,000	2,210,000	1,625,000
At the end of the year	<u>184,168,117</u>	<u>150,168,117</u>	<u>18,396,087</u>	<u>16,186,087</u>

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.

## 22 REVENUE

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Grant of sub-distribution rights	17,151	35,740
Sale of tickets	335,011	438,620
Sale of goods	986,294	3,693,444
Assignment of distribution rights	3,839,820	1,123,088
Content production	459,504	150,686
Sponsorship income	80,000	116,182
Rental income	972,054	593,746
Total	<u>6,689,834</u>	<u>6,151,506</u>

## 23 OTHER OPERATING INCOME

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Fair value gain on investment property (Note 15)	232,447	717,427
Government grants received	63,373	53,490
Gain on disposal of subsidiary (Note 29)	-	41,598
Interest income on financial assets carried at amortised cost [Note 9 (c)]	12,524	68,610
Others	12,926	5,640
Total	<u>321,270</u>	<u>886,765</u>

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 24 OTHER OPERATING EXPENSES

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Allowance for (Reversal of) doubtful debts - trade (Note 8)	251,449	(24,381)
Receivable from Scorpio Contracts written off [Note 9 (a)]	8,333	-
Deposits written off (Note 9)	10,051	-
Reversal of impairment of intangible assets (Note 12)	-	(37,435)
Allowance for inventory obsolescence (Note 10)	55,415	316,793
Prepaid film rights written off (Note 11)	-	13,838
Net foreign exchange losses	16,597	7,231
Upkeep and maintenance	69,949	23,092
Transport and travelling expense	20,615	17,169
Others	-	7,318
Total	<u>432,409</u>	<u>323,625</u>

## 25 FINANCE COSTS

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Interest expense to non-related companies:		
- Bank overdraft and borrowings	310,879	324,026
- Finance leases	59,265	-
Total	<u>370,144</u>	<u>324,026</u>

## 26 INCOME TAX

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Income tax:		
- Overprovision in prior years	(44,311)	-

Domestic income tax is calculated at 17% (2013: 17%) of its estimated assessable loss for the year.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 26 INCOME TAX (cont'd)

The total income tax for the year can be reconciled to the accounting loss as follows:

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Loss before income tax	(5,655,126)	(1,227,039)
Tax benefit at the domestic income tax rate of 17%	(961,371)	(208,597)
Tax effect of items that are not deductible (taxable) in determining taxable profit	244,028	(126,495)
Deferred tax assets not recognised	693,382	373,540
Tax exemption	(1,885)	(29,976)
Overprovision of tax in prior years	(44,311)	-
Others	25,846	(8,472)
	<u>(44,311)</u>	<u>-</u>

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

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
At beginning of year	12,390,097	10,235,452
Adjustment	(3,758,924)	-
Arising in current year	3,767,499	2,154,645
At end of year	<u>12,398,672</u>	<u>12,390,097</u>
Deferred tax assets not recognised	<u>2,107,774</u>	<u>2,106,316</u>

The Group has unutilised capital allowances available for offsetting against future taxable income as follows:

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
At beginning of year	109,166	66,518
Adjustment	957,729	-
Arising in current year	311,216	42,648
At end of year	<u>1,378,111</u>	<u>109,166</u>
Deferred tax assets not recognised	<u>234,279</u>	<u>18,558</u>

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



# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 27 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Directors' remuneration:		
- of the Company	225,375	202,319
- of the subsidiaries	-	94,500
	<hr/>	<hr/>
	225,375	296,819
Directors' fees	90,000	90,000
Employee benefits expense (including directors' remuneration)	1,244,216	1,210,674
Defined contribution plans (included in employee benefits expense)	141,159	132,306
Audit fee:		
- paid to auditors of Company	112,000	158,584
- paid to other auditors	-	1,085
Non-audit fees:		
- paid to auditors of the Company	148,000	7,500
- paid to other auditors	3,000	23,500
Amortisation of intangible assets	398,500	162,000
Depreciation of property, plant and equipment	1,262,387	677,112
Cost of inventories recognised as expense (included in cost of services)	1,309,163	2,702,301
	<hr/>	<hr/>

## 28 LOSS PER SHARE

Basic loss per ordinary share for the financial year ended April 30, 2014 is calculated on the loss for the year attributable to owners of the Company of \$5,472,831 (2013: \$1,203,329) divided by the weighted average number of ordinary shares in issue during the year of 90,640,223 (2013: 70,323,785) shares which takes into consideration the consolidation of the shares as disclosed in Note 35 (a).

There is no dilution as there were no outstanding share options at the end of the reporting period.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 29 DISPOSAL OF SUBSIDIARY

During the previous financial year, the Group disposed its equity interest in Speedy Entertainment Sdn. Bhd. through its subsidiary Scorpio East Productions Pte. Ltd.

Details of the disposal are as follows:

	<u>GROUP</u>
	<u>2013</u>
	\$
<b>Book values of net assets over which control was lost:</b>	
<u>Current assets</u>	
Cash and cash equivalents	62,369
Net assets derecognised	<u>62,369</u>
<b>Consideration received:</b>	
Cash and cash equivalents	<u>31,808</u>
<b>Gain on disposal:</b>	
Consideration received	31,808
Net assets derecognised	(62,369)
Non-controlling interests derecognised	72,159
Gain on disposal credited to profit or loss (Note 23)	<u>41,598</u>
<b>Net cash outflow arising from disposal:</b>	
Cash consideration received	31,808
Cash and cash equivalent disposed of	(62,369)
	<u>(30,561)</u>

## 30 CONTINGENT LIABILITIES

	<u>COMPANY</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Corporate guarantee to financial institutions for subsidiaries' banking facilities (Note 16)	<u>12,512,282</u>	<u>14,073,212</u>

Management is of the opinion that the effects of the Company's financial guarantee contract liabilities are not significant and therefore have not been recognised in accordance with FRS 39.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 31 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:

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Within one year	946,135	889,966
In the second to fifth year inclusive	150,552	894,160
Total	<u>1,096,687</u>	<u>1,784,126</u>

## 32 COMMITMENTS

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Commitments for acquisition of distribution rights and production films	<u>1,486,776</u>	<u>1,850,739</u>

## 33 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.

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

<u>Segment</u>	<u>Principal activities</u>
Video distribution	- Sales of goods, grant of sub-distribution rights and assignment of distribution rights
Content production	- Content production and producer fees
Events	- Sales of tickets and sponsorship income
Investment property	- Investment property rental income
Corporate office	- Management fee income from subsidiaries

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 33 SEGMENT INFORMATION (cont'd)

The accounting policies of the reportable segments are described in Note 2. Segment revenue represents revenue generated from external and internal customers. Segment result represents the profit (loss) 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 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.

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

	Video distribution	Content production	Events	Investment property	Corporate office	Elimination	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2014</b>							
<b>Revenue</b>							
External sales	4,831,975	459,504	426,301	972,054	-	-	6,689,834
Inter-segment sales	274,387	-	-	764,847	1,416,000	(2,455,234)	-
Total revenue	5,106,362	459,504	426,301	1,736,901	1,416,000	(2,455,234)	6,689,834
<b>Results</b>							
Segment results	(1,929,674)	(64,601)	(242,051)	(112,607)	(2,936,049)	-	(5,284,982)
Finance costs							(370,144)
Loss before income tax							(5,655,126)
Income tax							44,311
Loss for the year							(5,610,815)
<b>Other information</b>							
Capital additions	90,733	-	-	-	-	-	90,733
Interest income on financial assets carried at amortised cost	(12,524)	-	-	-	-	-	(12,524)
Receivables from Scorpio Contracts written off	8,333	-	-	-	-	-	8,333
Deposits written off	10,051	-	-	-	-	-	10,051
Allowance for doubtful debts - trade	251,449	-	-	-	-	-	251,449
Allowance for inventory written down value	55,415	-	-	-	-	-	55,415
Fair value gain on investment property	-	-	-	(232,447)	-	-	(232,447)
Depreciation and amortisation	30,215	398,500	-	-	1,232,172	-	1,660,887
<b>Assets and liabilities</b>							
Segment assets	3,236,291	522,529	220,833	7,461,435	14,011,631	-	25,452,719
Segment liabilities	2,842,746	-	20,032	5,197,090	10,031,044	-	18,090,912

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 33 SEGMENT INFORMATION (cont'd)

	Video <u>distribution</u> \$	Content <u>production</u> \$	<u>Events</u> \$	Investment <u>property</u> \$	Corporate <u>office</u> \$	<u>Elimination</u> \$	<u>Total</u> \$
<b>2013</b>							
<b>Revenue</b>							
External sales	4,768,825	150,686	638,249	593,746	-	-	6,151,506
Inter-segment sales	267,823	-	-	762,777	1,416,000	(2,446,600)	-
Total revenue	<u>5,036,648</u>	<u>150,686</u>	<u>638,249</u>	<u>1,356,523</u>	<u>1,416,000</u>	<u>(2,446,600)</u>	<u>6,151,506</u>
<b>Results</b>							
Segment results	(301,283)	(59,070)	(8,135)	588,506	(1,123,031)	-	(903,013)
Finance costs							(324,026)
Loss before income tax							<u>(1,227,039)</u>
Income tax expense							-
Loss for the year							<u>(1,277,039)</u>
<b>Other information</b>							
Capital additions	71,138	-	2,853,027	-	-	-	2,924,165
Reversal of allowance for impairment of intangible assets	(37,435)	-	-	-	-	-	(37,435)
Prepaid film rights written off	13,868	-	-	-	-	-	13,868
Prepayment written off	7,317	-	-	-	-	-	7,317
Reversal of allowance for doubtful debts - trade	(24,381)	-	-	-	-	-	(24,381)
Interest income on financial assets carried at amortised cost	(68,610)	-	-	-	-	-	(68,610)
Allowance for inventory written down value	316,793	-	-	-	-	-	316,793
Gain on disposal of subsidiary	-	-	(41,598)	-	-	-	(41,598)
Fair value gain on investment property	-	-	-	(717,427)	-	-	(717,427)
Depreciation and amortisation	17,783	162,000	-	-	659,329	-	<u>839,112</u>
<b>Assets and liabilities</b>							
Segment assets	4,584,752	597,838	3,397,939	10,843,481	12,267,928	-	<u>31,691,938</u>
Segment liabilities	2,419,320	-	485,325	7,110,902	10,908,037	-	<u>20,923,584</u>

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 33 SEGMENT INFORMATION (cont'd)

### **Geographical information**

The following table provides an analysis of the Group's revenue by geographical market which is analysed based on the billing address of each individual customer:

	<u>GROUP</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Singapore	5,694,514	6,036,381
Malaysia	273,228	115,125
Hong Kong	722,092	-
	<u>6,689,834</u>	<u>6,151,506</u>

The Group's assets including property, plant and equipment, investment property and intangible assets are located in Singapore.

### **Information about major customers**

Major customers with revenue more than 10% of the Group's total revenue are as follows:

#### Customer

	<u>Video distribution</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Top 1	2,215,892	1,160,853
Top 2	1,522,700	988,241
	<u>3,738,592</u>	<u>2,149,094</u>

## 34 INVESTIGATION BY THE COMMERCIAL AFFAIRS DEPARTMENT FOLLOWING THE RECEIPT OF THE SPECIAL AUDITORS' REPORT

On March 25, 2011, the Company announced the appointment of a firm of independent accountants (the "Special Auditors") to ascertain the veracity of certain of the Group's transactions and balances with certain counterparties which had been entered into or terminated by the Group during the financial year ended April 30, 2011, and bank transactions in relation thereto, and further to review the circumstances leading to the creation and termination of such contracts.

Following the issue of the Special Auditors' Report (the "Report") on August 23, 2011, the Company had sought legal advice on the findings contained in the Report and had referred the matters specified in the Report to the Commercial Affairs Department ("CAD").

The investigation by the CAD is still in progress and to the best of the Directors' knowledge and belief, the effect of the investigation, if any, on the accompanying financial statements is not expected to be material.

# NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 35 EVENTS AFTER REPORTING PERIOD

- (a) On May 6, 2014, the Company completed the consolidation of every two existing ordinary share into one ordinary shares.
- (b) On May 6, 2014, pursuant to the consolidation of the existing shares, the Company completed the reverse takeover through acquiring 100 per cent of the issued and paid-up share capital of KOP Properties Pte. Ltd. for a consideration of \$243,571,428 for 714,285,714 new shares at the closing price of \$0.341 (the "Reverse Takeover") and change in name to KOP Limited.
- (c) Pursuant to the Reverse Takeover, with effect from May 6, 2014, Scorpio East Holdings Ltd. shall be known as KOP Limited. The Group's principal activities will comprise of real estate development, investment, management services and entertainment businesses.
- (d) On May 12, 2014, pursuant to the Reverse Takeover, 80,000,000 new ordinary shares of the capital of KOP Limited 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 \$22,400,000 (the "Shares Placement"). The new shares shall rank *pari passu* in all respects with the existing ordinary shares of the Company.

Following the completion of the Reverse Takeover and Shares Placement, the Company's share capital will be adjusted as follows:

	<u>2015</u>	<u>2015</u>
	Number of ordinary shares	\$
Issued and paid up capital:		
At beginning of the year	184,168,117	18,396,087
After consolidation of shares <sup>(a)</sup>	92,084,057	18,396,087
Ordinary shares acquired pursuant to the Reverse Takeover <sup>(b)</sup>	714,285,714	243,571,428
Issued for cash <sup>(d)</sup>	80,000,000	22,400,000
	<u>886,369,771</u>	<u>284,367,515</u>

# STATISTICS OF SHAREHOLDINGS

AS AT 18 JULY 2014

Issued and fully paid-up capital	:	S\$190,796,087
Number of shares	:	886,369,772
Class of shares	:	Ordinary Shares
Voting Rights	:	One vote per share

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 JULY 2014

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 999	258	20.84	127,308	0.01
1,000 - 10,000	359	29.00	1,934,500	0.22
10,001 - 1,000,000	584	47.17	66,840,905	7.54
1,000,001 AND ABOVE	37	2.99	817,467,058	92.23
<b>TOTAL</b>	<b>1,238</b>	<b>100.00</b>	<b>886,369,771</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS as at 18 July 2014

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
KOP Group Pte. Ltd.	428,571,428	48.35	-	-
Ong Chih Ching <sup>(1)</sup>	64,175,715	7.24	428,571,428	48.35
Leny Suparman <sup>(2)</sup>	30,685,714	3.46	428,571,428	48.35
Wang Xuan <sup>(3)</sup>	-	-	72,602,857	8.19

Notes: -

- (1) Ms Ong Chih Ching is deemed interested in 428,571,428 shares held by KOP Group Pte Ltd, by virtue of Section 7 of the Companies Act, Chapter 50
- (2) Ms Leny Suparman is deemed interested in 428,571,428 shares held by KOP Group Pte Ltd, by virtue of Section 7 of the Companies Act, Chapter 50
- (3) Ms Wang Xuan is deemed to have an interest in 72,602,857 shares held through United Overseas Nominees Pte Ltd



# STATISTICS OF SHAREHOLDINGS

AS AT 18 JULY 2014

## TWENTY LARGEST SHAREHOLDERS AS AT 18 JULY 2014

		NO. OF SHARES	%
1	KOP GROUP PTE LTD	428,571,428	48.35
2	UNITED OVERSEAS BANK NOMINEES PTE LTD	99,732,226	11.25
3	ONG CHIH CHING	64,175,715	7.24
4	UOB KAY HIAN PTE LTD	32,770,500	3.70
5	LENY SUPARMAN	30,685,714	3.46
6	CITIBANK NOMINEES SINGAPORE PTE LTD	21,290,238	2.40
7	HAN SENG JUAN	18,750,000	2.12
8	ONG PHANG HOO (WANG BANGFU)	18,750,000	2.12
9	ANG YEW LAI	12,500,000	1.41
10	CHO KIM WING	12,500,000	1.41
11	LOW KHENG HONG @LAU KHENG HONG	11,904,762	1.34
12	MAYBANK KIM ENG SECURITIES PTE LTD	9,161,500	1.03
13	OCBC SECURITIES PRIVATE LTD	8,586,000	0.97
14	ONG SIEW TING GERALDINE	7,000,000	0.79
15	DB NOMINEES (S) PTE LTD	5,245,000	0.59
16	ONG HOI LIAN	3,000,000	0.34
17	BRIAN KWAN WING HUNG	2,400,000	0.27
18	TEO KEE BOCK	2,392,500	0.27
19	COMMITTEE OF THE PERSON AND ESTATE OF NEO MENG HWA	2,320,500	0.26
20	LOW XIU LI ELVELYN (LIU XIULI ELVELYN)	2,200,000	0.25
	TOTAL	793,936,083	89.57

On the basis of the information available to the Company as at 18 July 2014, approximately 19.25% of the issued ordinary shares of the Company is held in the hands of the public and excluding shares held under moratorium. This is in compliance with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited which requires at least 10% of a listed issuer's equity securities to be held by the public.

# NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of KOP Limited (the “Company”) will be held at 25 Tai Seng Avenue #01-01 Scorpio East Building Singapore 534104 on Thursday, 28 August 2014 at 11.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company and the Group for the financial year ended 30 April 2014 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$90,000 for the financial year ended 30 April 2014. **(Resolution 2)**
3. To approve the payment of Directors’ fees of S\$120,000 for the financial year ending 30 April 2015, to be paid quarterly in arrears. **(Resolution 3)**  
[See Explanatory Note (i)]
4. To re-elect Ong Chih Ching who is retiring pursuant to Articles 117 of the Articles of Association of the Company. **(Resolution 4)**  
[See Explanatory Note (ii)]
5. To re-elect Leny Suparman who is retiring pursuant to Articles 117 of the Articles of Association of the Company. **(Resolution 5)**  
[See Explanatory Note (iii)]
6. To re-elect Lee Kiam Hwee who is retiring pursuant to Articles 117 of the Articles of Association of the Company. **(Resolution 6)**  
[See Explanatory Note (iv)]
7. To re-elect Foo Yee Shoon who is retiring pursuant to Articles 117 of the Articles of Association of the Company. **(Resolution 7)**  
[See Explanatory Note (v)]
8. To re-appoint Dr Ho Kah Leong @ Ho Kah Leung, who will retire pursuant to Section 153(6) of the Companies Act, Cap. 50 of Singapore, as a Director of the Company to hold office from date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 8)**  
[See Explanatory Note (vi)]
9. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**
10. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

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

“That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company whether (i) 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,

# NOTICE OF TENTH ANNUAL GENERAL MEETING

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

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

(the "**Share Issue Mandate**")

provided that:

- (1) Save as provided in sub-paragraph (2) below, the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary 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 (3) 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 (3) below);
- (2) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued to existing shareholders via a pro-rata renounceable rights issue pursuant to this Ordinary 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 (3) below);
- (3) (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-paragraphs (1) and (2) 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 Ordinary 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 Ordinary Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (4) in exercising the Share Issue Mandate conferred by this Ordinary 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 Articles of Association of the Company; and
- (5) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

**(Resolution 10)**

[See Explanatory Note (vii)]

By Order of the Board

Tan Siew Hua  
Teo Meng Keong  
Joint Company Secretaries

Singapore, 13 August 2014

# NOTICE OF TENTH ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Ordinary Resolution 3, if passed, will facilitate the payment of Directors' fees of S\$120,000 for the financial year ending 30 April 2015 on a quarterly basis in arrears. The amount of Directors' fees is computed based on the anticipated number of Board meetings for FY 2015, including attendances and the positions held by the Non-Executive Directors in the various board committees, and assuming that all Non-Executive Directors will hold office for the full financial year. In the event the amount of Directors' fees proposed is insufficient, for example, in the event of unscheduled Board meetings or enlarged board sizes, approval will be sought at next year's annual general meeting for additional fees to meet the shortfall.
- (ii) Ms Ong Chih Ching will, upon re-election as Director of the Company, remain as Executive Director of the Company, and would simultaneously relinquish her position as the Group Chief Executive Officer and be appointed as Executive Chairman.
- (iii) Ms Leny Suparman will, upon re-election as Director of the Company, remain as Executive Director of the Company, and would simultaneously be appointed as the Group Chief Executive Officer.
- (iv) Mr Lee Kiam Hwee will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and be appointed as the Lead Independent Director. He is considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.
- (v) Mdm Foo Yee Shoon will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. She is considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.
- (vi) Ordinary Resolution 8, if passed, will authorise the Director, who is over the age of 70, to continue in office as a Director of the Company until the next Annual General Meeting of the Company.

In view of Dr Ho Kah Leong @ Ho Kah Leung's desire to step down as Non-Executive Chairman of the Board, Dr Ho shall if re-appointed as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He is considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

- (vii) Ordinary Resolution 9, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting 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, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders of the Company.

In 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 Ordinary 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 Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

# NOTICE OF TENTH ANNUAL GENERAL MEETING

## Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 152 Beach Road #27-01 The Gateway East Singapore 189721 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

*The Notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Private Limited, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this Notice.*

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

*The contact person for the Sponsor is Ms. Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay #40-01A Hong Leong Building, Singapore 048581, Telephone: (65) 6415-9886.*

# KOP LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 200415164G)

## ANNUAL GENERAL MEETING PROXY FORM

### Important:

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

\*I/We \_\_\_\_\_ (Name(s))

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

or failing him/her, the Chairman of the Annual General Meeting of the Company as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 25 Tai Seng Avenue #01-01 Scorpio East Building Singapore 534104 on Thursday, 28 August 2014 at 11.00 a.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting.

No.	Resolutions	For <sup>#</sup>	Against <sup>#</sup>
<b>ORDINARY BUSINESS</b>			
1.	To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 April 2014 together with the Auditors' Report thereon.		
2.	To approve payment of Directors' fees of S\$90,000 for the financial year ended 30 April 2014.		
3.	To approve the payment of Directors' fees of S\$120,000/- for the financial year ending 30 April 2015, to be paid quarterly in arrears		
4.	To re-elect Ong Chih Ching who is retiring pursuant to Articles 117 of the Articles of Association of the Company.		
5.	To re-elect Leny Suparman who is retiring pursuant to Articles 117 of the Articles of Association of the Company.		
6.	To re-elect Lee Kiam Hwee who is retiring pursuant to Articles 117 of the Articles of Association of the Company.		
7.	To re-elect Foo Yee Shoon who is retiring pursuant to Articles 117 of the Articles of Association of the Company.		
8.	To re-appoint Dr Ho Kah Leong @ Ho Kah Leung, who will retire pursuant to Section 153(6) of the Companies Act, Cap. 50 of Singapore, as a Director of the Company to hold office from date of this Annual General Meeting until the next Annual General Meeting of the Company.		
9.	To re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
<b>SPECIAL BUSINESS</b>			
10.	To approve the authority to allot and issue shares.		

<sup>#</sup> [If you wish to exercise all your votes "For" or "Against", please tick "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.]

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

\_\_\_\_\_  
Signature of Member(s) or Common Seal

\* Delete accordingly



**IMPORTANT: Please Read Notes Below Before Completing This Proxy Form.**

**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 130A of the Companies Act, Chapter 50 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 entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 152 Beach Road #27-01 The Gateway East Singapore 189721 not less than 48 hours before the time set for holding the Annual General Meeting. The completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General 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 Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer 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 a director or an officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. 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 Annual General Meeting, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.

**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 appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.





**KOP LIMITED**

152 Beach Road #27-01, The Gateway East Singapore 189721

Tel: (65) 6533 7337 Fax: (65) 6536 7735

Email: [enquiry@kopgroup.com](mailto:enquiry@kopgroup.com)

[www.koplimited.com](http://www.koplimited.com)