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## **KPM HOLDING LIMITED**

**吉輝控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8027)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of KPM Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, (2) there are no other matters the omission of which would make any statement herein or this announcement misleading and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.*

\* For identification purposes only

## RESULTS

The Board of Directors (the “Board”) of the Company (together with its subsidiaries, the “Group”) is pleased to present the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2018 respectively, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2018*

|                                                                       |      | Three months ended<br>30 June |                    | Six months ended<br>30 June |                    |
|-----------------------------------------------------------------------|------|-------------------------------|--------------------|-----------------------------|--------------------|
|                                                                       |      | 2018                          | 2017               | 2018                        | 2017               |
|                                                                       | Note | S\$<br>(Unaudited)            | S\$<br>(Unaudited) | S\$<br>(Unaudited)          | S\$<br>(Unaudited) |
| Revenue                                                               | 3    | 3,070,547                     | 2,861,783          | 5,577,082                   | 6,007,733          |
| Cost of sales                                                         |      | (1,777,098)                   | (1,787,985)        | (3,081,276)                 | (3,965,186)        |
| <b>Gross profit</b>                                                   |      | <b>1,293,449</b>              | 1,073,798          | <b>2,495,806</b>            | 2,042,547          |
| Other income                                                          | 4    | 15,336                        | 26,180             | 47,594                      | 87,660             |
| Other gains and losses                                                | 5    | 242,817                       | (1,731,102)        | 78,118                      | (1,868,458)        |
| Selling and administrative expenses                                   | 6    | (714,243)                     | (919,694)          | (1,471,403)                 | (1,698,073)        |
| Other expenses                                                        | 7    | –                             | 5,750              | –                           | (14,000)           |
| Finance costs                                                         | 8    | (4,253)                       | (2,479)            | (8,374)                     | (7,366)            |
| <b>Profit (Loss) before income tax</b>                                |      | <b>833,106</b>                | (1,547,547)        | <b>1,141,741</b>            | (1,457,690)        |
| Income tax expense                                                    | 9    | (135,100)                     | (53,000)           | (298,941)                   | (92,605)           |
| <b>Profit (Loss) for the period</b>                                   |      | <b>698,006</b>                | (1,600,547)        | <b>842,800</b>              | (1,550,295)        |
| <b>Other comprehensive income:</b>                                    |      |                               |                    |                             |                    |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |      |                               |                    |                             |                    |
| Exchange difference on translation of foreign operations              |      | (57,775)                      | –                  | (25,135)                    | –                  |
| Fair value changes on available-for-sale investments                  |      | –                             | 3,651              | –                           | 3,651              |
| Other comprehensive income, net of tax                                |      | (57,775)                      | 3,651              | (25,135)                    | 3,651              |
| Total comprehensive income for the period                             |      | <b>640,231</b>                | (1,596,896)        | <b>817,665</b>              | (1,546,644)        |
| Earnings (Losses) per share                                           |      |                               |                    |                             |                    |
| Basic and diluted ( <i>S\$ cents</i> )                                | 10   | <b>0.022</b>                  | (0.050)            | <b>0.026</b>                | (0.048)            |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

|                                              |      | 30 June<br>2018<br>S\$<br>(Unaudited) | 31 December<br>2017<br>S\$<br>(Audited) |
|----------------------------------------------|------|---------------------------------------|-----------------------------------------|
|                                              | Note |                                       |                                         |
| <b>Non-current assets</b>                    |      |                                       |                                         |
| Plant and equipment                          | 12   | 900,996                               | 759,019                                 |
| Intangible assets                            |      | 26,483                                | 36,266                                  |
| <b>Total non-current assets</b>              |      | <b>927,479</b>                        | <b>795,285</b>                          |
| <b>Current assets</b>                        |      |                                       |                                         |
| Inventories                                  |      | 296,181                               | 455,329                                 |
| Trade and other receivables                  | 13   | 3,497,847                             | 3,571,635                               |
| Pledged bank deposits                        |      | 963,809                               | 963,360                                 |
| Bank and cash balances                       |      | 11,089,877                            | 10,320,566                              |
| <b>Total current assets</b>                  |      | <b>15,847,714</b>                     | <b>15,310,890</b>                       |
| <b>Current liabilities</b>                   |      |                                       |                                         |
| Trade payables                               | 14   | 641,459                               | 580,150                                 |
| Other payables and accruals                  | 15   | 644,012                               | 998,738                                 |
| Obligations under finance leases             |      | 117,462                               | 83,888                                  |
| Income tax payable                           |      | 463,110                               | 392,000                                 |
| <b>Total current liabilities</b>             |      | <b>1,866,043</b>                      | <b>2,054,776</b>                        |
| <b>Net current assets</b>                    |      | <b>13,981,671</b>                     | <b>13,256,114</b>                       |
| <b>Total assets less current liabilities</b> |      | <b>14,909,150</b>                     | <b>14,051,399</b>                       |
| <b>Non-current liability</b>                 |      |                                       |                                         |
| Obligations under finance leases             |      | 223,681                               | 183,595                                 |
| Deferred tax liability                       |      | 28,000                                | 28,000                                  |
| <b>Total non-current liabilities</b>         |      | <b>251,681</b>                        | <b>211,595</b>                          |
| <b>NET ASSETS</b>                            |      | <b>14,657,469</b>                     | <b>13,839,804</b>                       |
| <b>Capital and reserves</b>                  |      |                                       |                                         |
| Share capital                                | 17   | 689,655                               | 689,655                                 |
| Share premium                                |      | 12,126,905                            | 12,126,905                              |
| Merger reserves                              |      | (4,570,095)                           | (4,570,095)                             |
| Currency translation reserve                 |      | 10,043                                | 35,178                                  |
| Accumulated profits                          |      | 6,400,961                             | 5,558,161                               |
| <b>TOTAL EQUITY</b>                          |      | <b>14,657,469</b>                     | <b>13,839,804</b>                       |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

|                                                                                                                          | Share<br>capital<br>S\$ | Share<br>premium<br>S\$  | Merger<br>reserves<br>S\$ | Fair value<br>reserve<br>S\$ | Currency<br>translation<br>reserve<br>S\$ | Accumulated<br>profits<br>S\$ | Total<br>S\$             |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|---------------------------|------------------------------|-------------------------------------------|-------------------------------|--------------------------|
| At 1 January 2017 (Audited)                                                                                              | 689,655                 | 12,126,905               | (4,570,095)               | –                            | –                                         | 5,758,271                     | 14,004,736               |
| Total comprehensive income<br>for the period:                                                                            |                         |                          |                           |                              |                                           |                               |                          |
| Loss for the period                                                                                                      | –                       | –                        | –                         | –                            | –                                         | (1,550,295)                   | (1,550,295)              |
| Other comprehensive income:                                                                                              |                         |                          |                           |                              |                                           |                               |                          |
| Fair value changes on<br>available-for-sale investments,<br>representing total other<br>comprehensive income, net of tax | –                       | –                        | –                         | 3,651                        | –                                         | –                             | 3,651                    |
| Total comprehensive income                                                                                               | –                       | –                        | –                         | 3,651                        | –                                         | (1,550,295)                   | (1,546,644)              |
| At 30 June 2017 (Unaudited)                                                                                              | <u>689,655</u>          | <u>12,126,905</u>        | <u>(4,570,095)</u>        | <u>3,651</u>                 | <u>–</u>                                  | <u>4,207,976</u>              | <u>12,458,092</u>        |
| At 1 January 2018 (Audited)                                                                                              | <b>689,655</b>          | <b>12,126,905</b>        | <b>(4,570,095)</b>        | –                            | <b>35,178</b>                             | <b>5,558,161</b>              | <b>13,839,804</b>        |
| Total comprehensive income<br>for the period:                                                                            |                         |                          |                           |                              |                                           |                               |                          |
| Profit for the period                                                                                                    | –                       | –                        | –                         | –                            | –                                         | <b>842,800</b>                | <b>842,800</b>           |
| Other comprehensive income:                                                                                              |                         |                          |                           |                              |                                           |                               |                          |
| Foreign currency translation                                                                                             | –                       | –                        | –                         | –                            | (25,135)                                  | –                             | (25,135)                 |
| Total comprehensive income                                                                                               | –                       | –                        | –                         | –                            | (25,135)                                  | <b>842,800</b>                | <b>817,665</b>           |
| At 30 June 2018 (Unaudited)                                                                                              | <u><b>689,655</b></u>   | <u><b>12,126,905</b></u> | <u><b>(4,570,095)</b></u> | <u>–</u>                     | <u><b>10,043</b></u>                      | <u><b>6,400,961</b></u>       | <u><b>14,657,469</b></u> |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

|                                                          | Six months ended 30 June |             |
|----------------------------------------------------------|--------------------------|-------------|
|                                                          | 2018                     | 2017        |
|                                                          | S\$                      | S\$         |
|                                                          | (Unaudited)              | (Unaudited) |
| <b>OPERATING ACTIVITIES</b>                              |                          |             |
| Profit (Loss) before tax                                 | <b>1,141,741</b>         | (1,457,690) |
| Adjustments for:                                         |                          |             |
| Gain on disposal of plant and equipment                  | –                        | (34,220)    |
| Loss on disposal of available-for-sale investments       | –                        | 653,972     |
| Depreciation and amortisation expense                    | <b>163,605</b>           | 143,606     |
| Interest income                                          | <b>(6,246)</b>           | (11,557)    |
| Finance costs                                            | <b>8,374</b>             | 7,366       |
| Allowance for doubtful debts                             | <b>10,727</b>            | 9,798       |
| Bad debts recovered                                      | –                        | (10,830)    |
| Impairment loss of available-for-sale investments        | –                        | 995,627     |
| Unrealised foreign exchange (gain) loss                  | <b>(97,537)</b>          | 254,292     |
|                                                          | <hr/>                    | <hr/>       |
| Operating cash flow before movements in working capital  | <b>1,220,664</b>         | 550,364     |
| Trade receivables and other receivables                  | <b>66,235</b>            | (47,622)    |
| Inventories                                              | <b>159,148</b>           | 264,697     |
| Trade payables                                           | <b>61,309</b>            | 566,896     |
| Other payables and accruals                              | <b>(354,726)</b>         | (593,821)   |
|                                                          | <hr/>                    | <hr/>       |
| Cash generated from operations                           | <b>1,152,630</b>         | 740,514     |
| Income tax paid                                          | <b>(227,831)</b>         | (112,165)   |
|                                                          | <hr/>                    | <hr/>       |
| Net cash from operating activities                       | <b>924,799</b>           | 628,349     |
|                                                          | <hr/>                    | <hr/>       |
| <b>INVESTING ACTIVITIES</b>                              |                          |             |
| Placement of pledged bank deposits                       | –                        | (449)       |
| Purchase of intangible assets                            | –                        | (32,900)    |
| Purchase of plant and equipment                          | <b>(165,488)</b>         | (23,100)    |
| Proceeds from disposal of plant and equipment            | –                        | 90,000      |
| Purchases of available-for-sale financial assets         | –                        | (2,536,828) |
| Proceeds from disposal of available-for-sale investments | –                        | 66,315      |
| Interest received                                        | <b>2,623</b>             | 36,070      |
|                                                          | <hr/>                    | <hr/>       |
| Net cash used in investing activities                    | <b>(162,865)</b>         | (2,400,892) |
|                                                          | <hr/>                    | <hr/>       |

|                                                      | <b>Six months ended 30 June</b> |             |
|------------------------------------------------------|---------------------------------|-------------|
|                                                      | <b>2018</b>                     | 2017        |
|                                                      | <b>S\$</b>                      | S\$         |
|                                                      | <b>(Unaudited)</b>              | (Unaudited) |
| <b>FINANCING ACTIVITIES</b>                          |                                 |             |
| Finance lease interest paid                          | <b>(56,340)</b>                 | (46,619)    |
| Repayment of finance lease obligation                | <b>(8,372)</b>                  | (26,573)    |
| Interest paid                                        | <b>(2)</b>                      | (10)        |
|                                                      | <hr/>                           | <hr/>       |
| Net cash used in financing activities                | <b>(64,714)</b>                 | (73,202)    |
|                                                      | <hr/>                           | <hr/>       |
| Net increase (decrease) in cash and cash equivalents | <b>697,220</b>                  | (1,845,745) |
| Cash and cash equivalents,                           |                                 |             |
| represented by bank and cash balances at 1 January   | <b>10,320,566</b>               | 11,135,896  |
| Effect of exchange rate changes                      | <b>72,091</b>                   | (249,718)   |
|                                                      | <hr/>                           | <hr/>       |
| Cash and cash equivalents,                           |                                 |             |
| represented by bank and cash balances at 30 June     | <b>11,089,877</b>               | 9,040,433   |
|                                                      | <hr/>                           | <hr/>       |

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GENERAL**

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 10 March 2015 and its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Companies Ordinance”) on 30 March 2015 and the principal place of business in Hong Kong registered is Unit 6, 10/F, Wayson Commercial Building, 28 Connaught Road West, Sheung Wan, Hong Kong. The head office and principal place of business of the Group is at 424 Tagore Industrial Avenue, Sindo Industrial Estate, Singapore 787807.

The Company is an investment holding company and the principal activities of its operating subsidiary is engaged in the design, fabrication, installation and maintenance of signage and related products.

The interim financial information is presented in Singapore Dollar (“S\$”), which is also the functional currency of the Company.

This unaudited condensed consolidated interim financial information was approved by the Board of the Company on 7 August 2018.

### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the applicable disclosure required by the GEM Listing Rules.

These condensed consolidated financial statements should be read in conjunction with the Annual Report for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial for the year ended 31 December 2017 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2018 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior period.

### **3. REVENUE AND SEGMENT INFORMATION**

The Group operates in a single segment which mainly includes sale of signage, bollard, variable-message signs, bus stops, linkways and aluminium railing to customers located in Singapore.

Information is reported to the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of contracts, i.e. “Public” and “Private” and profit or loss for the year as a whole. No analysis of the Group’s assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity wide disclosures on products, major customers and geographical information are presented in accordance with IFRS 8 Operating Segments.

An analysis of the Group's revenue provided to the CODM for resource allocation and performance assessment is as follows:

|         | Three months ended 30 June |                  | Six months ended 30 June |                  |
|---------|----------------------------|------------------|--------------------------|------------------|
|         | 2018                       | 2017             | 2018                     | 2017             |
|         | S\$                        | S\$              | S\$                      | S\$              |
|         | (Unaudited)                | (Unaudited)      | (Unaudited)              | (Unaudited)      |
| Public  | 2,717,186                  | 2,694,341        | 5,075,602                | 5,670,502        |
| Private | 353,361                    | 167,442          | 501,480                  | 337,231          |
|         | <u>3,070,547</u>           | <u>2,861,783</u> | <u>5,577,082</u>         | <u>6,007,733</u> |

## Entity-wide disclosures

### Major products

Revenue represents sale of signage, bollard, variable-message signs, bus stop and linkways and aluminium railing in Singapore.

No information in respect of revenues from external customers for each product and service was presented, as the necessary information is not available and the cost to develop it would be excessive in the opinion of the management of the Group.

### Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group are as follows:

|            | Three months ended 30 June |             | Six months ended 30 June |             |
|------------|----------------------------|-------------|--------------------------|-------------|
|            | 2018                       | 2017        | 2018                     | 2017        |
|            | S\$                        | S\$         | S\$                      | S\$         |
|            | (Unaudited)                | (Unaudited) | (Unaudited)              | (Unaudited) |
| Customer A | 325,072                    | Note        | Note                     | 740,144     |
| Customer B | Note                       | 393,472     | Note                     | Note        |
| Customer C | Note                       | 521,074     | Note                     | Note        |
| Customer D | Note                       | 310,740     | Note                     | Note        |

*Note:* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

### Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue and non-current assets of the Group are generated from external customers and located in Singapore, respectively.

#### 4. OTHER INCOME

|                                                                                         | Three months ended 30 June |               | Six months ended 30 June |               |
|-----------------------------------------------------------------------------------------|----------------------------|---------------|--------------------------|---------------|
|                                                                                         | 2018                       | 2017          | 2018                     | 2017          |
|                                                                                         | S\$                        | S\$           | S\$                      | S\$           |
|                                                                                         | (Unaudited)                | (Unaudited)   | (Unaudited)              | (Unaudited)   |
| Bank and financial institution interest income                                          | 5,423                      | 11,557        | 6,246                    | 11,557        |
| Government grants                                                                       | 2,532                      | 6,481         | 23,643                   | 50,517        |
| Rental income under operating lease<br>in respect of subleasing of<br>workshop premises | –                          | –             | –                        | 10,000        |
| Unclaimed payables                                                                      | –                          | –             | 7,209                    | –             |
| Others                                                                                  | 7,381                      | 8,142         | 10,496                   | 15,586        |
|                                                                                         | <u>15,336</u>              | <u>26,180</u> | <u>47,594</u>            | <u>87,660</u> |

#### 5. OTHER GAINS AND LOSSES

|                                                       | Three months ended 30 June |                    | Six months ended 30 June |                    |
|-------------------------------------------------------|----------------------------|--------------------|--------------------------|--------------------|
|                                                       | 2018                       | 2017               | 2018                     | 2017               |
|                                                       | S\$                        | S\$                | S\$                      | S\$                |
|                                                       | (Unaudited)                | (Unaudited)        | (Unaudited)              | (Unaudited)        |
| Reversal of (Allowance for) doubtful debts            | 22,520                     | 263                | (10,727)                 | (9,798)            |
| Bad debt recovered                                    | –                          | 8,513              | –                        | 10,830             |
| Gain on disposal of plant and equipment               | –                          | –                  | –                        | 34,220             |
| Foreign exchange gain (loss), net                     | 220,297                    | (90,279)           | 88,845                   | (254,111)          |
| Impairment loss of available-for-sale<br>investments  | –                          | (995,627)          | –                        | (995,627)          |
| Loss on disposal of available-for-sale<br>investments | –                          | (653,972)          | –                        | (653,972)          |
|                                                       | <u>242,817</u>             | <u>(1,731,102)</u> | <u>78,118</u>            | <u>(1,868,458)</u> |

## 6. SELLING AND ADMINISTRATIVE EXPENSES

|                                        | Three months ended 30 June |                | Six months ended 30 June |                  |
|----------------------------------------|----------------------------|----------------|--------------------------|------------------|
|                                        | 2018                       | 2017           | 2018                     | 2017             |
|                                        | S\$                        | S\$            | S\$                      | S\$              |
|                                        | (Unaudited)                | (Unaudited)    | (Unaudited)              | (Unaudited)      |
| Staff costs                            | 502,532                    | 488,354        | 951,878                  | 962,703          |
| Audit, legal and professional fees     | 55,247                     | 128,228        | 174,775                  | 260,547          |
| Depreciation and amortisation expenses | 21,504                     | 23,317         | 43,825                   | 46,635           |
| Rental expenses                        | 29,627                     | 46,392         | 56,739                   | 90,986           |
| Upkeep of equipment and vehicles       | 15,868                     | 23,213         | 36,333                   | 42,722           |
| Others                                 | 89,465                     | 210,190        | 207,853                  | 294,480          |
|                                        | <u>714,243</u>             | <u>919,694</u> | <u>1,471,403</u>         | <u>1,698,073</u> |

## 7. OTHER EXPENSES

Other expenses related to direct attributable expenses in respect of subletting workshop premises.

## 8. FINANCE COSTS

|                                                             | Three months ended 30 June |              | Six months ended 30 June |              |
|-------------------------------------------------------------|----------------------------|--------------|--------------------------|--------------|
|                                                             | 2018                       | 2017         | 2018                     | 2017         |
|                                                             | S\$                        | S\$          | S\$                      | S\$          |
|                                                             | (Unaudited)                | (Unaudited)  | (Unaudited)              | (Unaudited)  |
| Interests on borrowings wholly repayable within five years: |                            |              |                          |              |
| –Obligations under finance leases                           | 4,251                      | 2,469        | 8,372                    | 6,276        |
| –Others                                                     | 2                          | 10           | 2                        | 1,090        |
|                                                             | <u>4,253</u>               | <u>2,479</u> | <u>8,374</u>             | <u>7,366</u> |

## 9. INCOME TAX EXPENSE

|                                                      | Three months ended 30 June |               | Six months ended 30 June |               |
|------------------------------------------------------|----------------------------|---------------|--------------------------|---------------|
|                                                      | 2018                       | 2017          | 2018                     | 2017          |
|                                                      | S\$                        | S\$           | S\$                      | S\$           |
|                                                      | (Unaudited)                | (Unaudited)   | (Unaudited)              | (Unaudited)   |
| Current tax – Singapore Corporate Income Tax (“CIT”) | 135,100                    | 56,000        | 249,000                  | 121,000       |
| Under (Over) provision in prior year                 | –                          | –             | 49,941                   | (17,395)      |
| Deferred tax                                         | –                          | (3,000)       | –                        | (11,000)      |
|                                                      | <u>135,100</u>             | <u>53,000</u> | <u>298,941</u>           | <u>92,605</u> |

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 40%, capped at S\$15,000 and 20%, capped at S\$10,000 for Year of Assessment 2018 and 2019 respectively. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$290,000 of normal chargeable income.

The income tax expense for the year can be reconciled to the profit (loss) before tax per the statement of profit or loss and other comprehensive income as follows:

|                                                       | Three months ended 30 June |             | Six months ended 30 June |             |
|-------------------------------------------------------|----------------------------|-------------|--------------------------|-------------|
|                                                       | 2018                       | 2017        | 2018                     | 2017        |
|                                                       | S\$                        | S\$         | S\$                      | S\$         |
|                                                       | (Unaudited)                | (Unaudited) | (Unaudited)              | (Unaudited) |
| Profit (Loss) before tax                              | <b>833,106</b>             | (1,547,547) | <b>1,141,741</b>         | (1,457,690) |
| Tax at Singapore CIT of 17%                           | <b>141,628</b>             | (263,083)   | <b>194,096</b>           | (247,807)   |
| Tax effect of expenses not deductible for tax purpose | <b>12,857</b>              | 352,138     | <b>77,904</b>            | 415,788     |
| Tax effect of income not taxable                      | <b>(16,590)</b>            | –           | <b>(20,179)</b>          | –           |
| Tax effect of income under tax exemption and rebate   | –                          | (8,982)     | –                        | (17,963)    |
| Tax effect of enhanced allowance ( <i>Note</i> )      | –                          | (28,839)    | –                        | (48,968)    |
| (Over) Underprovision in prior year                   | –                          | –           | <b>49,941</b>            | (17,395)    |
| Others                                                | <b>(2,795)</b>             | 1,766       | <b>(2,821)</b>           | 8,950       |
| Income tax expense for the period                     | <b>135,100</b>             | 53,000      | <b>298,941</b>           | 92,605      |

*Note:* Being additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the PIC scheme in Singapore.

#### 10. EARNINGS (LOSSES) PER SHARE

|                                                                    | Three months ended 30 June |               | Six months ended 30 June |               |
|--------------------------------------------------------------------|----------------------------|---------------|--------------------------|---------------|
|                                                                    | 2018                       | 2017          | 2018                     | 2017          |
|                                                                    | S\$                        | S\$           | S\$                      | S\$           |
|                                                                    | (Unaudited)                | (Unaudited)   | (Unaudited)              | (Unaudited)   |
| Profit (Loss) attributable to the owners of the Company            | <b>698,006</b>             | (1,600,547)   | <b>842,800</b>           | (1,550,295)   |
| Number of ordinary shares in issue                                 | <b>3,200,000,000</b>       | 3,200,000,000 | <b>3,200,000,000</b>     | 3,200,000,000 |
| Basic and diluted (losses) earnings per share ( <i>S\$ cents</i> ) | <b>0.022</b>               | (0.050)       | <b>0.026</b>             | (0.048)       |

The diluted earnings (losses) per share is the same as the basic earnings (losses) per share as there were no unissued shares of the Company under option.

#### 11. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

## 12. PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired assets with aggregate cost of S\$295,488 (2017: approximately S\$23,100), which S\$130,000 (2017: Nil) was acquired under finance lease agreement.

The Group incurred depreciation expenses for the three months ended 30 June 2018 of S\$82,199 (three months ended 30 June 2017: S\$66,377) and for the six months ended 30 June 2018 of S\$153,822 (six months ended 30 June 2017: S\$233,823).

## 13. TRADE AND OTHER RECEIVABLES

|                                                                 | <b>30 June<br/>2018<br/>S\$<br/>(Unaudited)</b> | 31 December<br>2017<br>S\$<br>(Audited) |
|-----------------------------------------------------------------|-------------------------------------------------|-----------------------------------------|
| Trade receivables                                               | <b>2,364,810</b>                                | 2,600,549                               |
| Less: allowance for doubtful debts                              | <b>(100,400)</b>                                | (89,673)                                |
|                                                                 | <b>2,264,410</b>                                | 2,510,876                               |
| Retention receivables                                           | <b>596,901</b>                                  | 468,705                                 |
| Purchase advances paid to suppliers                             | <b>224,252</b>                                  | 217,735                                 |
| Receivables from disposals of freehold property ( <i>Note</i> ) | <b>200,000</b>                                  | 200,000                                 |
| Interest receivables                                            | <b>4,568</b>                                    | 945                                     |
| Rental and other deposits                                       | <b>126,955</b>                                  | 127,774                                 |
| Prepayments                                                     | <b>80,678</b>                                   | 44,790                                  |
| Other receivables                                               | <b>83</b>                                       | 810                                     |
|                                                                 | <b>3,497,847</b>                                | 3,571,635                               |

*Note:* The amount of S\$200,000 is withheld by a lawyer as the stakeholder is pending the finalisation of transfer of a part of related common property from the Management Corporation Strata Title to increase in the gross floor area of the disposed property. The directors are of the view that the process is administrative and is confident that the finalisation will be done in due course. In addition, the Controlling Shareholders have provided an undertaking to indemnify the Group for any loss arising from non-settlement of this amount.

Trade receivables are generally granted a credit period of 30 to 60 days from the invoice date for trade receivables to all customers. The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

|               | <b>30 June<br/>2018<br/>S\$<br/>(Unaudited)</b> | <b>31 December<br/>2017<br/>S\$<br/>(Audited)</b> |
|---------------|-------------------------------------------------|---------------------------------------------------|
| 1-30 days     | <b>808,003</b>                                  | 639,883                                           |
| 31-60 days    | <b>515,638</b>                                  | 662,217                                           |
| 61-90 days    | <b>247,101</b>                                  | 377,568                                           |
| 91-180 days   | <b>362,607</b>                                  | 588,675                                           |
| 181-365 days  | <b>308,312</b>                                  | 180,065                                           |
| Over 365 days | <b>22,749</b>                                   | 62,468                                            |
|               | <b>2,264,410</b>                                | 2,510,876                                         |

Movement in the allowance on doubtful debts for trade receivables:

|                                                                      | <b>30 June<br/>2018<br/>S\$<br/>(Unaudited)</b> | <b>31 December<br/>2017<br/>S\$<br/>(Audited)</b> |
|----------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------|
| At beginning of the period/year                                      | <b>89,673</b>                                   | 21,747                                            |
| Reversal of allowance on doubtful debts during the period/year       | <b>(75,628)</b>                                 | (19,377)                                          |
| Increase in allowance on doubtful debts recognised in profit or loss | <b>86,355</b>                                   | 100,073                                           |
| Write-off                                                            | <b>–</b>                                        | (12,770)                                          |
| At end of the period/year                                            | <b>100,400</b>                                  | 89,673                                            |

#### 14. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the purchase recognition date, that is, goods receipt date, at the end of each reporting period:

|              | 30 June<br>2018<br>S\$<br>(Unaudited) | 31 December<br>2017<br>S\$<br>(Audited) |
|--------------|---------------------------------------|-----------------------------------------|
| 0-30 days    | 379,131                               | 206,784                                 |
| 31-90 days   | 120,904                               | 238,084                                 |
| Over 90 days | 141,424                               | 135,282                                 |
|              | <u>641,459</u>                        | <u>580,150</u>                          |

#### 15. OTHER PAYABLES AND ACCRUALS

|                                 | 30 June<br>2018<br>S\$<br>(Unaudited) | 31 December<br>2017<br>S\$<br>(Unaudited) |
|---------------------------------|---------------------------------------|-------------------------------------------|
| Advance billings to customers   | 616                                   | 265,285                                   |
| Retention payable to supplier   | 97,164                                | 65,928                                    |
| Goods and services tax payable  | 123,463                               | 167,092                                   |
| Accrued operating expenses      | 272,832                               | 364,864                                   |
| Accrued staff bonus/commission  | 31,047                                | 44,860                                    |
| Deposit received from customers | 116,908                               | 90,709                                    |
| Other payables                  | 1,982                                 | —                                         |
|                                 | <u>644,012</u>                        | <u>998,738</u>                            |

## 16. RELATED PARTY DISCLOSURES

The Group has not entered into any related party transaction during the period under review.

### Compensation of key management personnel

The remuneration of the directors of the Group was as follows:

|                          | Three months ended 30 June |                            | Six months ended 30 June   |                            |
|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                          | 2018<br>S\$<br>(Unaudited) | 2017<br>S\$<br>(Unaudited) | 2018<br>S\$<br>(Unaudited) | 2017<br>S\$<br>(Unaudited) |
| Short-term benefits      | 73,728                     | 107,196                    | 147,480                    | 181,900                    |
| Post-employment benefits | 6,120                      | 11,716                     | 12,240                     | 17,836                     |
| Directors fees           | 19,506                     | 20,055                     | 38,541                     | 40,283                     |
|                          | <u>99,354</u>              | <u>138,967</u>             | <u>198,261</u>             | <u>240,019</u>             |

The remuneration of directors of the Group is determined by having regard to the performance of individuals of the Group and market trends.

## 17. SHARE CAPITAL

|                                                      | Number of<br>shares  | Share capital<br>S\$ |
|------------------------------------------------------|----------------------|----------------------|
| At 31 December 2017, 1 January 2018 and 30 June 2018 | <u>3,200,000,000</u> | <u>689,655</u>       |

## 18. CONTINGENT LIABILITIES (SECURED)

The Group has following contingent liabilities:

|                                                                          | 30 June<br>2018<br>S\$<br>(Unaudited) | 31 December<br>2017<br>S\$<br>(Audited) |
|--------------------------------------------------------------------------|---------------------------------------|-----------------------------------------|
| Guarantee provided in respect of performance bonds in favor of customers | <u>23,271</u>                         | <u>23,271</u>                           |

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GENERAL**

For the financial period to date, the Group had been principally engaged in the design, fabrication, installation and maintenance of signage and related products. The Group operates in a single segment which mainly includes sale of signage, bollard, variable-message signs, bus-stops, linkways and aluminium railing to customers located in Singapore.

### **FINANCIAL REVIEW**

#### **Revenue and Results**

For the six months ended 30 June 2018, the Group recorded an unaudited revenue of approximately S\$5,577,000 (2017: approximately S\$6,008,000) and profit of approximately S\$843,000 (2017: loss of approximately S\$1,550,000).

Revenue had decreased by 7.2% or S\$431,000. For the six months ended 30 June 2017, the Group has delivered substantial quantities under a high value contract to a key customer which has contributed approximately S\$740,000 or 12.3% of the revenue. This customer had only contributed approximately S\$347,000 or 6.2% of the revenue for the six months ended 30 June 2018.

The gross profit and gross profit margin for the six months ended 30 June 2018 was approximately S\$2,496,000 (2017: S\$2,043,000) and approximately 44.8% (2017: 34.0%) respectively. Despite lower revenue, the gross profit has increased by approximately S\$453,000 due to more high margin contracts on hand during the current six months ended 30 June 2018.

Other gains and losses for the six months ended 30 June 2018 included approximately S\$89,000 of foreign exchange gain which was mainly arise from cash and cash equivalents denominated in Hong Kong dollars which was appreciating against Singapore dollars.

Selling and administrative expenses for the six months ended 30 June 2018 was approximately S\$1,471,000, (2017: S\$1,698,000) representing an decrease of S\$227,000 mainly due to lower for legal and professional fees and other expenses incurred.

The Group recorded a profit before tax for the six months ended 30 June 2018 of approximately S\$1,142,000 (2017: loss before tax approximately S\$1,458,000). Profit before tax for the six months ended 30 June 2017 would have been approximately S\$192,000 assuming that the expenses such as impairment loss available-for-sale investments of approximately S\$996,000 and loss on disposal of available-for-sale investments of approximately S\$654,000 were excluded.

Profit for the six months ended 30 June 2018 was approximately S\$843,000, representing an increase of S\$2,393,000 as compared with loss of approximately S\$1,550,000 for the six months ended 30 June 2017.

## **Liquidity and Financial Resources**

The Group's exposure to liquidity risk arises in the general funding of the Group's operations, in particular, that the duration of the contracts span from 1 month to 4 years and during which the amount of progress claim vary from month to month depending on the provision of signage and related products for the month. The supply and installation schedule is as directed by the customer, in accordance with the main contractor's schedule. As such, the Group actively manage our customers' credit limits, aging, and repayment of retention monies and monitor the operating cash flows to ensure adequate working capital funds and repayment schedule is met.

For the six months ended 30 June 2018, the cash and cash equivalents of the Group has increased by approximately S\$697,000. This was mainly arise from net cash generated from operating activities of approximately S\$925,000, offset by purchase of plant and equipment of approximately S\$165,000 and approximately S\$56,000 repayment of obligations under finance lease.

As at 30 June 2018, the Group had cash and cash equivalents of approximately S\$11,090,000 (31 December 2017: approximately S\$10,321,000) which were placed with major banks in Singapore and Hong Kong.

## **FOREIGN EXCHANGE EXPOSURE**

The Group transacts mainly in Singapore Dollars, which is the functional currency of the Group. However, the Group had recorded an unrealised foreign exchange gain of approximately S\$98,000 mainly due to the Group retains the proceeds from placement in Hong Kong Dollars which was appreciated against the Singapore Dollars.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There were no significant investments held, nor were there any material acquisitions and disposals of subsidiaries during the period under review.

## **CHARGES ON GROUP'S ASSETS**

The Group has total present value of minimum lease payments in relation to finance lease, which are secured by the relevant leased motor vehicles amounting to approximately S\$629,000 (31 December 2017: approximately S\$437,000).

## **CONTINGENT LIABILITIES**

As at 30 June 2018, the guarantees in respect of performance bonds in favor of our customers of approximately S\$23,000 (31 December 2017: approximately S\$23,000) is secured by pledged bank deposits.

## **CAPITAL COMMITMENTS**

As at 30 June 2018, the Group did not have any capital commitment (31 December 2017: Nil).

## **BUSINESS REVIEW**

Revenue comprised of revenue from the sales of signage and related products in both the public and private sectors in Singapore, which amounted to approximately S\$5,577,000 and S\$6,008,000 for the six months ended 30 June 2018 and 2017, respectively.

Public sector includes road signage, education institutions, public housing flats/compounds, defence compound, airport and national parks, amongst others.

Private sector includes signage and related products for commercial buildings, industrial buildings, private residential buildings, hospital and fast food chains.

During the current financial period, the business revenue and net profit was approximately S\$5,577,000 and S\$843,000 respectively. Despite business revenue has decreased by approximately S\$431,000, the Group has generated more profit due to more high margin contracts on hand and incurred lower selling and administrative expenses.

## **PROSPECTS**

Consistent with the outlook shared at the chairman's statement in 2017 annual report, the demand in private sector construction activities has declined which would adversely affect the Group's revenue. The Group will continue to manage its expenditures, review the business strategy constantly and look for other business opportunities to cope with existing market environment in a cautious and prudent manner.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The business objectives as set out in the prospectus of the Company dated 30 June 2015 (the “Prospectus”) for the period from 10 July 2015 (the “Listing Date”) to 30 June 2018 is set out below:

| <b>Business objectives</b>                                                                                                                                | <b>Planned expenses (as stated in the Prospectus) in respect of business objectives from the Listing Date to 30 June 2018<br/>HK\$<br/>(in million)</b> | <b>Use of proceeds<br/>HK\$<br/>(in million)</b> | <b>Balance available<br/>HK\$<br/>(in million)</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|
| Purchase of materials and/or equipment in relation to expansion of existing sector and to target and secure more non-road infrastructure related projects | 8.2                                                                                                                                                     | 7.9                                              | 0.3                                                |
| Expansion via new companies or acquisitions                                                                                                               | 8.2                                                                                                                                                     | —                                                | 8.2                                                |
| Expansion and enhancement of work force to support our business expansion in the existing sector and non-road infrastructure related projects             | 4.7                                                                                                                                                     | 1.9                                              | 2.8                                                |
| Working capital and other general corporate purposes                                                                                                      | 2.3                                                                                                                                                     | 2.3                                              | —                                                  |
| <b>Total</b>                                                                                                                                              | <b>23.4</b>                                                                                                                                             | <b>12.1</b>                                      | <b>11.3</b>                                        |

As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds.

## EMPLOYEE INFORMATION

As at 30 June 2018, the Group had an aggregate of 75 (31 December 2017: 82) employees.

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are employed on one or two year contractual basis and are remunerated according to their work skills.

Total staff costs, including Directors' emoluments, amounted to approximately S\$1,383,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately S\$1,622,000).

## EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 June 2018.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2018, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### Aggregate long positions in the shares and underlying shares of the Company

| Name of Director/<br>chief executive | Nature of interest                            | Number of<br>shares held | Approximate<br>percentage of<br>issued share<br>capital |
|--------------------------------------|-----------------------------------------------|--------------------------|---------------------------------------------------------|
| <b>Executive Directors:</b>          |                                               |                          |                                                         |
| Mr. Tan Thiam Kiat Kelvin            | Interest of controlled company <sup>(1)</sup> | 983,440,000              | 30.73%                                                  |
| Mr. Tan Kwang Hwee Peter             | Interest of controlled company <sup>(1)</sup> | 983,440,000              | 30.73%                                                  |

*Note:*

- <sup>(1)</sup> The entire issued share capital of Absolute Truth Investments Limited is beneficially owned as to 50% by Mr. Tan Thiam Kiat Kelvin and as to 50% by Mr. Tan Kwang Hwee Peter. Under the SFO, each of Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter is deemed to be interested in all the shares held by Absolute Truth Investments Limited. Details of the interest in the Company held by Absolute Truth Investments Limited are set out in the section headed “Substantial Shareholders’ and Other Persons’ Interests and Short Positions in Shares and Underlying Shares” below.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange

#### **SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2018, the following substantial shareholders’ and other persons’ interest and short positions of 5% or more of the issued share capital of the Company were recorded in the register required to be kept under section 336 of Part XV of the SFO:

##### **Aggregate long positions in the shares and underlying shares of the Company**

| <b>Name of substantial shareholders</b> | <b>Nature of interest</b> | <b>Number of shares held</b> | <b>Approximate percentage of the issued share capital</b> |
|-----------------------------------------|---------------------------|------------------------------|-----------------------------------------------------------|
| Absolute Truth Investments Limited      | Beneficial owner          | 983,440,000                  | 30.73%                                                    |
| Wang Ya Fei                             | Beneficial owner          | 240,000,000                  | 7.50%                                                     |
| Han Dongshen                            | Beneficial owner          | 176,000,000                  | 5.50%                                                     |

Save as disclosed above, as at 30 June 2018, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company, whose interests are disclosed above) who had an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange.

## **SHARE OPTIONS**

There were no unissued shares of the Company or the subsidiaries under option.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the period under review, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

## **SHARE OPTION SCHEME**

The Company has not adopted any share option scheme and has not issued any option since the date of its incorporation pursuant to the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board strives to uphold the principles of corporate governance as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuous professional development and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create values and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

In the opinion of the Board, the Company has complied with the CG Code for the six months ended 30 June 2018.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code for the six months ended 30 June 2018.

## AUDIT COMMITTEE

Our Group established an audit committee on 23 June 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three independent non-executive Directors namely Mr. Lock Kiu Yin, Mr. Tan Kiang Hua and Mr. Lau Muk Kan. Mr. Lock Kiu Yin, a Director with the appropriate professional qualifications, serves as the chairman of the audit committee.

The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The audit committee has reviewed the unaudited results for the six months ended 30 June 2018 and has provided advice and comments thereon.

By order of the Board  
**KPM Holding Limited**  
**Tan Thiam Kiat Kelvin**  
*Chairman*

Singapore, 7 August 2018

*As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Tan Thiam Kiat Kelvin (Chairman), Mr. Tan Kwang Hwee Peter and Ms. Kong Weishan; and three independent non-executive Directors, namely, Mr. Lau Muk Kan, Mr. Tan Kiang Hua and Mr. Lock Kiu Yin.*