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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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, include particulars given in compliance with the Rules Governing the Listing of Securities on 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 and deceptive; (2) there are no other matters the omission of which would make any statement herein or this announcement misleading; (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 purpose only*

RESULTS

The board of Directors (the "Board") of the Company (together with its subsidiaries, the "Group") is pleased to present the audited consolidated results of the Group for the year ended 31 December 2018 together with comparative figures for the corresponding year in 2017:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

		2018	2017
	Note	***S$***	*S$*
Revenue	*4*	**10,474,896**	12,847,395
Cost of sales		**(6,355,854)**	(7,282,418)
Gross profit		**4,119,042**	5,564,977
Other income		**126,908**	189,363
Other gains and losses		**134,048**	(1,959,625)
Selling and administrative expenses		**(3,158,805)**	(3,608,239)
Other expense		**–**	(14,000)
Finance cost	*5*	**(17,358)**	(13,981)
Profit before income tax		**1,203,835**	158,495
Income tax	*6*	**(319,439)**	(358,605)
Profit/(loss) for the year	*7*	**884,396**	(200,110)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**(28,784)**	35,178
Other comprehensive income, net of tax		**(28,784)**	35,178
Total comprehensive income/(loss) for the year, attributable to owners of the Company		**855,612**	(164,932)
Earnings/(loss) per share			
Basic and diluted *(S$ cents)*	*8*	**0.028**	(0.006)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	31 December 2018 S$	31 December 2017 S$
ASSETS			
Non-current assets			
Plant and equipment		**971,399**	759,019
Intangible asset		**16,700**	36,266
Total non-current assets		**988,099**	795,285
Current assets			
Inventories		**300,509**	455,329
Trade and other receivables	*9*	**3,189,139**	3,571,635
Pledged bank deposits		**966,056**	963,360
Bank and cash balances		**11,146,677**	10,320,566
Total current assets		**15,602,381**	15,310,890
Total assets		**16,590,480**	16,106,175
Current liabilities			
Trade payables	*10*	**557,675**	580,150
Other payables and accruals		**584,380**	998,738
Contract liabilities		**56,480**	–
Obligations under finance leases		**124,058**	83,888
Income tax payable		**302,500**	392,000
Total current liabilities		**1,625,093**	2,054,776
Net current assets		**13,977,288**	13,256,114
Total assets less current liabilities		**14,965,387**	14,051,399
Non-current liabilities			
Obligations under finance leases		**241,971**	183,595
Deferred tax liability		**28,000**	28,000
Total non-current liabilities		**269,971**	211,595
NET ASSETS		**14,695,416**	13,839,804
Capital and reserves			
Share capital	*11*	**689,655**	689,655
Share premium		**12,126,905**	12,126,905
Merger reserves		**(4,570,095)**	(4,570,095)
Currency translation reserve		**6,394**	35,178
Accumulated profits		**6,442,557**	5,558,161
TOTAL EQUITY		**14,695,416**	13,839,804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital	Share premium (Note A)	Merger reserves (Note B)	Currency translation reserve	Retained earnings	Total
	S$	S$	S$	S$	S$	S$
At 1 January 2017	689,655	12,126,905	(4,570,095)	–	5,758,271	14,004,736
Loss for the financial year	–	–	–	–	(200,110)	(200,110)
Other comprehensive income:						
Foreign currency translation	–	–	–	35,178	–	35,178
Total comprehensive income	–	–	–	35,178	(200,110)	(164,932)
At 31 December 2017 and 1 January 2018	689,655	12,126,905	(4,570,095)	35,178	5,558,161	13,839,804
Profit for the financial year	–	–	–	–	884,396	884,396
Other comprehensive income:						
Foreign currency translation	–	–	–	(28,784)	–	(28,784)
Total comprehensive income	–	–	–	(28,784)	884,396	855,612
At 31 December 2018	689,655	12,126,905	(4,570,095)	6,394	6,442,557	14,695,416

Note:

(A) Share premium represents the excess of share issue over the par value.

(B) Merger reserves represents the difference between the underlying net assets of the subsidiary which was acquired by the Company pursuant to the re-organisation on 23 June 2015 and the total par value and share premium amount of the shares issued.

NOTES TO THE 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. With effective from 13 October 2017, 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 are engaged in the design, fabrication, installation and maintenance of signage and related products.

The consolidated financial statements are presented in Singapore Dollars ("S$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs", which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of the Chapter 18 of GEM Listing Rules.

On 1 January 2018, the Group has adopted all the new and revised IFRS, amendments and Interpretations that are effective from that date 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("IFRSs")

3.1 New and Amendments to IFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as the "Group") has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to IFRSs and an interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments, Amendments to IFRS 9 Prepayment Features with Negative Compensation and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, and 2) expected credit losses ("ECL") for financial assets and other items (for example, rental receivables).

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology is as follows:

Accordingly, certain comparative information may not be comparable as comparable information was prepared under IAS 39 *Financial instruments: Recognition and Measurement*.

Summary of effects arising from initial application of IFRS 9

Classification and measurement of financial assets and financial liabilities at amortised cost

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognized financial assets and financial liabilities that are within the scope of IFRS 9 are subsequently measured at amortised cost.

Trade receivables

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has assessed the expected credit loss model applied to the trade receivables as at 1 January 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

The adoption of expected credit loss model under IFRS 9 did not have material impact on allowance for impairment of trade receivables calculated under IAS 39.

Impairment under ECL model

ECL for other financial assets at amortised cost, including bank balances, other receivables and bank deposits are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. No impairment allowance was recognised at 1 January 2018.

IFRS 15 Revenue from Contracts with Customers and the related amendments

As a result of the changes in the Group's accounting policies, as explained below, Except for the reclassification of the contract liabilities from customer deposit received of S$90,709 at initial application, IFRS 15 was generally adopted without restating any other comparative information. The adoption of IFRS 15 in the current period does not result in any impact on the amounts reported in the consolidated financial information and/or disclosures set out in the consolidated financial information except that, the Group has adopted the following accounting policies on revenues with effect from 1 January 2018.

IFRS 15 requires that revenue from contracts with customers be recognised upon the transfer of control over goods or services to the customer. As such, upon adoption, this requirement under IFRS 15 resulted in immaterial impact to the financial statements as the timing of revenue recognition on sale of goods is nearly unchanged. Thus there was no impact on the Group's consolidated statement of financial position as of 1 January 2018.

3.2 New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[2]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 10 and IAS 28	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

4. REVENUE AND SEGMENT INFORMATION

The Group operates in a single segment which mainly include sale of signage, bollard, variable-message signs, bus stops, linkways and aluminium railings 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 accounting policies are the same as Group's accounting policies described in note 3. The CODM reviews revenue by nature of contracts, i.e. "Public" and "Private" and profit 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:

	2018	2017
	S$	*S$*
Revenue from contracts with customers recognised at a point in time:		
Public	**9,389,929**	11,842,152
Private	**1,084,967**	1,005,243
	10,474,896	12,847,395

Entity-wide disclosures

Major customers

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

	Year ended 31 December	
	2018	2017
	S$	*S$*
Customer A	**1,215,789**	–*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 by location of customers and non-current assets, respectively.

5. FINANCE COSTS

	Year ended 31 December	
	2018	2017
	S$	*S$*
Interests on borrowings wholly repayable within five years:		
– Obligations under finance leases	**17,343**	13,958
– Others	**15**	23
	17,358	13,981

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	S$	*S$*
Current tax – Singapore Corporate Income Tax ("CIT")	**302,500**	392,000
Under/(over) provision in prior years	**16,939**	(17,395)
Deferred tax	**–**	(16,000)
	319,439	358,605

7. PROFIT/(LOSS) FOR THE YEAR

	Year ended 31 December	
	2018	2017
	S$	*S$*
Profit/(loss) for the year has been arrived at after charging:		
Audit fees paid to auditor of the Company:		
– current year	**85,000**	103,000
Depreciation and amortisation expenses	**349,466**	287,407
Cost of inventories recognised as expenses	**4,362,930**	5,145,203
Directors' fee	**84,902**	79,388
Directors' and chief executive's remuneration	**343,528**	344,936
Other staff costs		
– salaries and other staff costs	**2,563,233**	3,082,027
– contributions to defined contribution plans	**94,488**	102,610
Minimum lease payment under operating lease in respect staff dormitory, office and working premises	**390,305**	441,231

8. EARNINGS/(LOSS) PER SHARE

	Year ended 31 December 2018	2017
Profit/(loss) attributable to the owners of the Company *(S$)*	**884,396**	(200,110)
Weighted average number of ordinary shares in issue	**3,200,000,000**	3,200,000,000
Basic and diluted earnings/(loss) per share *(S$ cents)*	**0.028**	(0.006)

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

9. TRADE AND OTHER RECEIVABLES

	At 31 December 2018 *S$*	2017 *S$*
Trade receivables	**1,941,685**	2,600,549
Less: allowance for doubtful debts	**(22,656)**	(89,673)
	1,919,029	2,510,876
Retention receivables	**648,151**	468,705
Purchase advances paid to suppliers	**181,354**	217,735
Receivables from disposals of freehold property *(Note)*	**200,000**	200,000
Interest receivables	**2,517**	945
Rental and other deposits	**127,723**	127,774
Prepayments	**110,365**	44,790
Other receivables	**–**	810
	3,189,139	3,571,635

Note: The amount of S$200,000 is withheld due to 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 will be finalised and completed in due course.

In addition, certain executive directors who are the controlling shareholders have provided an undertaking to indemnify the Group for any loss arising from non settlement of this amount.

For majority of customers, invoices are issued upon transferred risks and rewards of the products. Invoices may be raised in according to the schedule set out in the sales contracts while the revenue will be recognised until goods are delivered and accepted by the counterparties. Trade receivables are generally granted a credit period of 30 to 60 days from the invoice date. 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:

	At 31 December	
	2018	2017
	S$	*S$*
1-30 days	**689,794**	639,883
31-60 days	**302,558**	662,217
61-90 days	**287,033**	377,568
91-180 days	**283,303**	588,675
181-365 days	**345,136**	180,065
Over 365 days	**11,205**	62,468
	1,919,029	2,510,876

10. TRADE PAYABLES

	At 31 December	
	2018	2017
	S$	*S$*
Trade payables	**557,675**	580,150

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:

	At 31 December	
	2018	2017
	S$	*S$*
0-30 days	**319,873**	206,784
31-90 days	**200,354**	238,084
Over 90 days	**37,448**	135,282
	557,675	580,150

11. SHARE CAPITAL

	Number of shares	Par value	Share capital
		HK$	*HK$*
Authorised:			
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	40,000,000,000	0.00125	50,000,000

	Number of shares	Share capital
		S$
Issued and fully paid:		
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	3,200,000,000	689,655

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 operated in a single segment which mainly included 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 year ended 31 December 2018, the Group recorded revenue of approximately S$10,475,000 (2017: approximately S$12,847,000) and profit for the year of approximately S$884,000 (2017: loss for the year of approximately S$200,000).

Revenue had decreased by approximately 18.5% or S$2,372,000, attributable to lower revenue of approximately S$2,452,000 from the public sector. The lower revenue contribution from the public sector is due to the absence of new high value contracts to replace those which are near expiry or have expired.

The gross profit and gross profit margin for the year ended 31 December 2018 was approximately S$4,119,000 (2017: approximately S$5,565,000) and approximately 39.3% (2017: approximately 43.3%) respectively. The lower gross profit by approximately S$1,446,000 was mainly due to lower revenue.

Other gains and losses included bad debts recovered of approximately S$90,000 during the year ended 31 December 2018. The Group also recorded approximately S$69,000 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 year ended 31 December 2018 was approximately S$3,159,000, (2017: approximately S$3,608,000) representing a decrease of approximately S$449,000 or 12.5% mainly due to lower expenses incurred for legal and professional fees and other expenses.

The Group recorded a profit before tax for the year ended 31 December 2018 of approximately S$1,204,000 (2017: approximately S$158,000), representing an increase of approximately S$1,046,000 as compared with the last financial year. Profit before tax for the year ended 31 December 2017 would have been approximately S$1,569,000 assuming that loss on disposal of available-for-sale investments of approximately S$1,411,000 were excluded.

Profit for the year ended 31 December 2018 was approximately S$884,000, compared with loss of approximately S$20,000 for the year ended 31 December 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 manages 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 year ended 31 December 2018, the cash and cash equivalents of the Group has increased by approximately S$826,000. This was mainly due to a net cash flow arising from operating activities of approximately S$1,196,000, offset by purchase of plant and equipment of approximately S$374,000 and repayment of obligations under finance lease of approximately S$71,000.

At 31 December 2018, the Group had cash and cash equivalents of approximately S$11,147,000 (2017: approximately S$10,321,000) which were placed with major banks in Singapore and Hong Kong.

As at 31 December 2018, the Group's borrowings comprised the obligations under finance lease of approximately S$366,000 (2017: approximately S$267,000).

FOREIGN EXCHANGE EXPOSURE

The Group transacts mainly in Singapore Dollars, which is the functional currency of the Group. However, the Group had an unrealised foreign exchange gain of approximately S$85,000 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 year ended 31 December 2018.

CHARGES ON GROUP'S ASSETS

As at 31 December 2018, the Group's obligations under finance lease are secured by the lessor's title to the relevant leased motor vehicles and office equipment with the aggregate carrying values amounting to approximately S$651,000 (2017: approximately S$437,000).

CONTINGENT LIABILITIES

As at 31 December 2018, the guarantees in respect of performance bonds in favour of our customers was approximately S$35,000, which is secured by pledged bank deposits (2017: approximately S$23,000).

Legal and Potential Proceedings

On 18 January 2019, Signmechanic Pte Ltd ("Signmechanic"), a wholly-owned subsidiary of the Company, received a letter of demand from a solicitors firm who act for Mandai Development Pte Ltd ("MDPL"), claiming that Signmechanic had made a negligent misrepresentation to MDPL on a property sold in previous years and MDPL claimed for their loss and damage amounting to a total sum of S$1,007,540. After consulting the Company's lawyer, the Directors are of the view that Signmechanic has a reasonably good chance of success in defending potential claim for the negligent misrepresentation. No provision was provided in the consolidated financial statements for the year ended 31 December 2018.

CAPITAL COMMITMENTS

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

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 31 December 2018 is set out below:

Business objectives	**Planned expenses (as stated in the Prospectus) in respect of business objectives from the Listing Date to 31 December 2018**	**Use of proceeds**	**Balance available**
	HK$ *(in million)*	*HK$* *(in million)*	*HK$* *(in million)*
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	8.2	–
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	3.1	1.6
Working capital and other general corporate purposes	2.3	2.3	–
Total	23.4	13.6	9.8

In view of the challenging economic and construction industry environment, the Group has deferred the implementation of some business objectives and such planned business expenses to next year.

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 31 December 2018, the Group had an aggregate of 77 (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$3,086,000 for the year ended 31 December 2018 (2017: approximately S$3,530,000).

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$10,475,000 and S$12,847,000 for the year ended 31 December 2018 and 2017, respectively.

Public sector includes signage and related products for roads, 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 year, the business revenue and net profit was approximately S$10,475,000 and S$884,000 respectively. The public sector revenue has decreased by S$2,452,000 due to the absence of new high value contracts to replace those which are near expiry.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2018.

OUTLOOK

According to the release by Ministry of Trade and Industry Singapore on 2 January 2019, the growth in the construction sector contracted by 3.4 percentage points in 2018, primarily due to the weakness in public sector construction activities.

Looking forward to 2019, it is expected the Group will face significant challenges. Due to fierce competition in bidding prices and higher material costs, both revenue and gross profit of the local construction market is expected to be decreased compared to year 2018.

The Group will continue to manage its expenditures, review the business strategy constantly and look for opportunity to cope with existing market environment in a cautious and prudent manner.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporations

As at 31 December 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/ chief executive	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Executive Directors:			
Mr. Tan Thiam Kiat Kelvin	Interest of controlled company[1]	983,440,000	30.73%
Mr. Tan Kwang Hwee Peter	Interest of controlled company[1]	983,440,000	30.73%

Notes:

(1) 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 31 December 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 31 December 2018, the following substantial shareholders' and other persons' interests 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

Name of substantial shareholder	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
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 31 December 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.

COMPETING INTERESTS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 December 2018.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 21 September 2018.

No share option has been granted under the Share Option Scheme since its adoption and there were no outstanding share options under the Share Option Scheme as at 31 December 2018.

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 year ended 31 December 2018.

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 Directors, the Company has complied with the CG Code during the year ended 31 December 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"). Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2018.

EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

As far as the Company is aware, there were no significant events affecting the Company nor any of its subsidiaries after the financial year ended 31 December 2018 requiring disclosure in this announcement.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 23 June 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3 of the CG Code. 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.

Among other things, 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 held 4 meetings during the year ended 31 December 2018.

The Group's audited annual results for the year ended 31 December 2018 have been reviewed by the audit committee.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 7 May 2019. A notice convening the annual general meeting will be published and despatched to the shareholders of the Company in due course.

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

Singapore, 19 March 2019

As at the date of this announcement, the executive Directors are Mr. Tan Thiam Kiat Kelvin, Mr. Tan Kwang Hwee Peter and Ms. Kong Weishan and the independent non-executive Directors are Mr. Lau Muk Kan, Mr. Tan Kiang Hua and Mr. Lock Kiu Yin.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.kpmholding.com.