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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 2019

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.

RESULTS

The board (the "Board") of Directors 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 2019 together with comparative figures for the corresponding year in 2018:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** **S$**	2018 S$
Revenue	*4*	**8,500,700**	10,474,896
Cost of sales		**(6,513,302)**	(6,355,854)
Gross profit		**1,987,398**	4,119,042
Other income		**188,633**	126,908
Other gains and losses		**(617,658)**	134,048
Selling and administrative expenses		**(3,161,112)**	(3,158,805)
Finance cost	*5*	**(24,436)**	(17,358)
(Loss)/Profit before income tax		**(1,627,175)**	1,203,835
Income tax credit/(expense)	*6*	**40,346**	(319,439)
(Loss)/Profit for the year	*7*	**(1,586,829)**	884,396
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**10,965**	(28,784)
Other comprehensive income/(expense), net of tax		**10,965**	(28,784)
Total comprehensive (loss)/income for the year, attributable to owners of the Company		**(1,575,864)**	855,612
(Loss)/Earnings per share			
Basic and diluted *(S$ cents)*	*8*	**(0.050)**	0.028

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	**31 December 2019 S$**	31 December 2018 S$
ASSETS			
Non-current assets			
Property, plant and equipment		**3,118,705**	971,399
Right-of-use assets		**1,928,010**	–
Intangible assets		**–**	16,700
Deferred tax assets		**26,000**	–
Total non-current assets		**5,072,715**	988,099
Current assets			
Inventories		**200,169**	300,509
Trade and other receivables	*9*	**4,968,199**	3,189,139
Pledged bank deposits		**516,202**	966,056
Bank and cash balances		**7,629,334**	11,146,677
Total current assets		**13,313,904**	15,602,381
Total assets		**18,386,619**	16,590,480
Current liabilities			
Trade payables	*10*	**1,381,559**	557,675
Other payables and accruals		**278,023**	584,380
Contract liabilities		**36,239**	56,480
Bank loan		**332,235**	–
Lease liabilities/Obligation under finance lease		**173,032**	124,058
Income tax payable		**–**	302,500
Total current liabilities		**2,201,088**	1,625,093
Net current assets		**11,112,816**	13,977,288
Total assets less current liabilities		**16,185,531**	14,965,387
Non-current liabilities			
Bank loan		**2,947,765**	–
Lease liabilities/Obligation under finance lease		**118,214**	241,971
Deferred tax liabilities		**–**	28,000
Total non-current liabilities		**3,065,979**	269,971
NET ASSETS		**13,119,552**	14,695,416

	Note	**31 December 2019** *S$*	31 December 2018 *S$*
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		**17,359**	6,394
Accumulated profits		**4,855,728**	6,442,557
TOTAL EQUITY		**13,119,552**	14,695,416

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital S$	Share premium (Note A) S$	Merger reserves (Note B) S$	Currency translation reserve S$	Retained earnings S$	Total S$
At 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 and 1 January 2019	689,655	12,126,905	(4,570,095)	6,394	6,442,557	14,695,416
Loss for the financial year	–	–	–	–	(1,586,829)	(1,586,829)
Other comprehensive income/(expense):						
Foreign currency translation	–	–	–	10,965	–	10,965
Total comprehensive loss	–	–	–	10,965	(1,586,829)	(1,575,864)
At 31 December 2019	689,655	12,126,905	(4,570,095)	17,359	4,855,728	13,119,552

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 a public limited company 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. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. Its parent is Absolute Truth Investments Limited (incorporated in the British Virgin Islands). Its ultimate controlling parties are Mr. Tan Thiam Kiat Kelvin, who is also the Chairman and Executive Directors of the Company, and Mr. Tan Kwang Hwee Peter. 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. 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 14 Loyang Way 4, Singapore 507601.

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.

The consolidated financial statements are approved by the Board of Directors of the Company on 19 March 2020.

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 2019, 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.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL 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 amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except for the new and amendments to IFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 16 Leases

Transition and summary of effects arising from initial application of IFRS 16

On 1 January 2019, the Group has applied IFRS 16. IFRS 16 superseded IAS 17, and the related interpretations. The Group applied the IFRS 16 in accordance with the transition provisions of IFRS 16.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC – Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated. During the year ended 31 December 2019, application of IFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties was determined on a portfolio basis; and

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options.

On transition, the Group has made the following adjustments upon application of IFRS16:

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied by relevant group entities was ranged from 5.13% to 5.33%.

	S$
Operating lease commitments disclosed as at 31 December 2018	333,448
Less: Effect from discounting at the incremental borrowing rate as at 1 January 2019	(8,884)
	324,564
Add: obligation under finance lease recognised as at 31 December 2018	366,029
Lease liabilities as at 1 January 2019	690,593
Analysed as:	
Current	402,920
Non-current	287,673
	690,593

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets *S$*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	324,564
Add: Amounts included in property, plant and equipment under IAS 17	
– Assets previously under finance leases	608,981
	933,545
By class	
Land and building	313,117
Vehicles	608,981
Office	11,447
	933,545

Note: In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to S$608,981 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of S$124,058 and S$241,971 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously report at 31 December 2018 *S$*	Adjustments *S$*	**Carrying amounts under IFRS 16 at 1 January 2019** ***S$***
Non-current assets			
Property, plant and equipment	971,399	(608,981)	**362,418**
Right-of-use assets	–	933,545	**933,545**
Current liabilities			
Obligation under finance lease	124,058	(124,058)	**–**
Lease liabilities – due within one year	–	402,920	**402,920**
Non-current liabilities			
Obligation under finance lease	241,971	(241,971)	**–**
Lease liabilities – due over one year	–	287,673	**287,673**

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3.2 New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts[2]
Amendments to IFRS 3	Definition of a Business[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform [4]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2021
3 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
4 Effective for annual periods beginning on or after 1 January 2020

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact of the consolidated financial statements in the foreseeable future.

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:

	2019	2018
	S$	*S$*
Revenue from contracts with customers recognised at a point in time		
Public	**7,471,558**	9,389,929
Private	**1,029,142**	1,084,967
	8,500,700	10,474,896

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	
	2019	2018
	S$	*S$*
Customer A	**–**[Note]	1,215,789

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	
	2019	2018
	S$	*S$*
Interest expense on lease liabilities	**24,436**	17,343
Others	**–**	15
	24,436	17,358

6. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2019	2018
	S$	*S$*
Current tax – Singapore Corporate Income Tax ("CIT")	**–**	302,500
Under provision in prior years	**13,654**	16,939
Deferred tax	**(54,000)**	–
Income tax (credit)/expense	**(40,346)**	319,439

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate 20%, capped at S$10,000 for Year of Assessment 2019. 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 and S$190,000 of normal chargeable income for Year of Assessment 2019 and 2020 respectively.

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

	Year ended 31 December	
	2019	2018
	S$	*S$*
(Loss)/Profit before income tax	**(1,627,175)**	1,203,835
Tax at Singapore CIT of 17%	**(276,620)**	204,652
Tax effect of income and expenses not deductible for tax purpose	**234,995**	156,312
Tax effect of income under tax exemption and rebate	**–**	(35,925)
Tax effect of enhanced allowance *(Note)*	**(13,855)**	(13,855)
Under provision in prior years	**13,654**	16,939
Others	**1,480**	(8,684)
Income tax (credit)/expense for the year	**(40,346)**	319,439

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

7. (LOSS)/PROFIT FOR THE YEAR

	Year ended 31 December	
	2019	2018
	S$	*S$*
(Loss)/Profit for the year has been arrived at after charging:		
Audit fees paid to auditor of the Company:		
– current year	**85,000**	85,000
Depreciation and amortisation expenses	**574,677**	349,466
Cost of inventories recognised as expenses	**4,223,331**	4,362,930
Directors' fee	**88,506**	84,902
Directors' and chief executive's remuneration	**317,102**	343,528
Other staff costs		
– salaries and other staff costs	**2,628,590**	2,563,233
– contributions to defined contribution plans	**108,136**	94,488
Minimum lease payment under operating lease in respect staff dormitory, office and working premises	**–**	390,305

8. (LOSS)/EARNINGS PER SHARE

	Year ended 31 December	
	2019	2018
(Loss)/Profit attributable to the owners of the Company *(S$)*	**(1,586,829)**	884,396
Weighted average number of ordinary shares in issue	**3,200,000,000**	3,200,000,000
Basic and diluted (loss)/earnings per share *(S$ cents)*	**(0.05)**	0.028

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

9. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2019	2018
	S$	*S$*
Trade receivables	**2,533,433**	1,941,685
Less: allowance for expected credit losses	**(554,005)**	(22,656)
	1,979,428	1,919,029
Retention receivables	**626,547**	648,151
Purchase advances paid to suppliers	**111,178**	181,354
Receivables from disposals of freehold property	**–**	200,000
Interest receivables	**3,951**	2,517
Rental and other deposits	**143,171**	127,723
Prepayments	**124,720**	110,365
Loan receivables	**1,265,361**	–
Less: Allowance for expected credit losses	**(1,321)**	–
Goods and services tax receivable	**232,254**	–
Other receivables	**483,423**	–
Less: Allowance for expected credit losses	**(513)**	–
	4,968,199	3,189,139

An aged analysis of the loan receivables as at the end of the reporting period, based on advance date, is as follow:

	2019	2018
	S$	*S$*
0-30 days	**2,864**	–
31-60 days	**2,863**	–
61-90 days	**2,863**	–
91-180 days	**8,590**	–
181-365 days	**1,248,181**	–
	1,265,361	–

Loan receivables carry effective interest of 10% per annum, secured by individual guarantee of independent third party and repayable within 1 year. The loan receivables outstanding as at 31 December 2019 are denominated in Hong Kong Dollars.

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 (i.e. recognised as advanced billing) 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 expected credit losses presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 31 December	
	2019	2018
	S$	*S$*
1-30 days	**934,866**	689,794
31-60 days	**437,781**	302,558
61-90 days	**305,344**	287,033
91-180 days	**193,505**	283,303
181-365 days	**92,572**	345,136
Over 365 days	**15,360**	11,205
	1,979,428	1,919,029

Before granting credit to new customers, the Group reviews the customers' profile and available consolidated financial statements to assess the potential customer's credit quality and defines credit limits for each customer.

The Group assesses at each of the reporting period end whether there is objective evidences that trade and other receivables are impaired.

Retention receivables are retention monies held by customers which will be repaid upon expiry of defect liability period, generally of 1 to 2 years, in accordance with sales contracts.

10. TRADE PAYABLES

	At 31 December 2019 S$	2018 S$
Trade payables	**1,381,559**	557,675

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 2019 S$	2018 S$
0–30 days	**618,538**	319,873
31–90 days	**459,236**	200,354
Over 90 days	**303,785**	37,448
	1,381,559	557,675

11. SHARE CAPITAL

	Number of shares	Par value HK$	Share capital HK$
Authorised:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	40,000,000,000	0.00125	50,000,000

	Number of shares	Share capital S$
Issued and fully paid:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	3,200,000,000	689,655

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2019, the Group recorded revenue of approximately S$8,501,000 (2018: approximately S$10,475,000) and loss for the year of approximately S$1,587,000 (2018: profit for the year of approximately S$884,000).

Revenue had decreased by approximately 18.8% or S$1,974,000, attributable to lower revenue of approximately S$1,918,000 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 2019 was approximately S$1,987,000 (2018: approximately S$4,119,000) and approximately 23.4% (2018: approximately 39.3%) respectively. The lower gross profit by approximately S$2,132,000 was mainly due to decline of the demand in construction sector activities, force competition in bidding prices and higher material costs.

Other gains and losses included net allowance for expected credit losses of approximately S$533,000 during the year ended 31 December 2019. The Group also recorded approximately S$83,000 foreign exchange loss which was mainly arise from cash and cash equivalents denominated in Hong Kong dollars which was depreciating against Singapore dollars.

Selling and administrative expenses for the year ended 31 December 2019 was approximately S$3,161,000, (2018: approximately S$3,159,000). Higher expenses incurred for legal and professional fees and other expenses, offset with lower expenses incurred for staff costs and advertisement expenses.

The Group recorded a loss before tax for the year ended 31 December 2019 of approximately S$1,627,000 (2018: profit before tax for the year approximately S$1,204,000), representing a decrease of approximately S$2,831,000 as compared with the last financial year. This was mainly due to lower gross profit by approximately S$2,132,000 and net allowance for expected credit losses of approximately S$533,000 during the year ended 31 December 2019.

Loss for the year ended 31 December 2019 was approximately S$1,587,000, compared with profit of approximately S$884,000 for the year ended 31 December 2018.

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 2019, the cash and cash equivalents of the Group has decreased by approximately S$3,517,000. This was mainly due to net cash of approximately S$834,000 used in operating activities, purchase of property, plant and equipment of approximately S$1,036,000 and increase in loan and other receivables of approximately S$1,669,000.

At 31 December 2019, the Group had cash and cash equivalents of approximately S$7,629,000 (2018: approximately S$11,147,000) which were placed with major banks in Singapore and Hong Kong.

As at 31 December 2019, the Group's borrowings comprised the property loan of approximately S$3,280,000 (2018: Nil) and lease liabilities of approximately S$291,000 (2018: obligation under finance lease of approximately S$366,000).

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 loss of approximately S$83,000 mainly due to the Group retains the proceeds from placement in Hong Kong Dollars which was depreciated against the Singapore Dollars.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS, 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, associates and joint ventures during the year ended 31 December 2019. The Group had no specific future plan for material investments or capital assets as at 31 December 2019.

CHARGES ON GROUP'S ASSETS

As at 31 December 2019, the Group's borrowings are secured by the lessor's title to the relevant leasehold land, building, leased motor vehicles and office equipment with the aggregate carrying values amounting to approximately S$4,690,000 (2018: approximately S$651,000).

CONTINGENT LIABILITIES

As at 31 December 2019, the guarantees in respect of performance bonds in favour of our customers was approximately S$21,000, which is secured by pledged bank deposits (2018: approximately S$35,000).

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any capital commitment (2018: 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 2019 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 2019** *HK$ (in million)*	**Use of proceeds** *HK$ (in million)*	**Balance available** *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	4.7	–
Working capital and other general corporate purposes	2.3	2.3	–
Total	23.4	15.2	8.2

In view of the challenging economic environment, the Group has deferred the implementation of some business objectives and such planned business expenses. The remaining proceeds is expected to be utilised by 30 June 2021.

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 2019, the Group had an aggregate of 81 (2018: 77) 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$3,142,000 for the year ended 31 December 2019 (2018: approximately S$3,086,000).

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$8,501,000 and S$10,475,000 for the year ended 31 December 2019 and 2018, 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 loss was approximately S$8,501,000 and S$1,587,000 respectively. The public sector revenue has decreased by S$1,918,000 due to the absence of new high value contracts to replace those which are near expiry or have expired.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019.

OUTLOOK

Looking forward to 2020, 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 are expected to be maintained compared to year 2019.

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.

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 2019, 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	Nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Executive Directors:			
Tan Thiam Kiat Kelvin	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.

Save as disclosed above, as at 31 December 2019, 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 2019, 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 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 Company's issued share capital
Absolute Truth Investments Limited	Beneficial owner	983,440,000	30.73%
Tan Kwang Hwee Peter	Interest of controlled company(1)	983,440,000	30.73%
Wang Ya Fei	Beneficial owner	240,000,000	7.50%
Han Dongshen	Beneficial owner	176,000,000	5.50%

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.

Save as disclosed above, as at 31 December 2019, the Directors were not aware of any other 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 shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

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 2019.

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, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and there were no outstanding share options under the Share Option Scheme as at 31 December 2019.

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 2019.

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 during the year ended 31 December 2019.

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 2019.

EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019 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. Xiao Laiwen 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 Group's audited annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee.

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

Singapore, 19 March 2020

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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.

* *For identification purposes only*