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 2020

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 is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020 together with comparative figures for the corresponding year in 2019:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***S$***	2019 *S$*
Revenue	*4*	**6,383,204**	8,500,700
Cost of sales		**(5,710,834)**	(6,513,302)
Gross profit		**672,370**	1,987,398
Other income		**760,301**	188,633
Other gains and losses		**(731,457)**	(84,475)
Selling and administrative expenses		**(4,122,186)**	(3,161,112)
Allowances for expected credit losses, net		**(63,497)**	(533,183)
Finance costs	*5*	**(56,521)**	(24,436)
Loss before income tax		**(3,540,990)**	(1,627,175)
Income tax credit	*6*	**113,711**	40,346
Loss for the year	*7*	**(3,427,279)**	(1,586,829)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**31,590**	10,965
Other comprehensive income, net of tax		**31,590**	10,965
Total comprehensive loss for the year		**(3,395,689)**	(1,575,864)
Loss for the year attributable to owners of the Company		**(3,427,279)**	(1,586,829)
Total comprehensive loss for the year attributable to owners of the Company		**(3,395,689)**	(1,575,864)
			(restated)
Loss per share			
Basic and diluted *(S$ cents)*	*8*	**(2.678)**	(1.240)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	31 December 2020 S$	31 December 2019 S$
ASSETS			
Non-current assets			
Property, plant and equipment		**2,901,942**	3,118,705
Right-of-use assets		**1,549,650**	1,928,010
Deferred tax assets		**139,711**	26,000
Total non-current assets		**4,591,303**	5,072,715
Current assets			
Inventories		**274,746**	200,169
Trade and other receivables	*9*	**7,355,589**	4,968,199
Pledged bank deposits		**213,716**	516,202
Bank and cash balances		**3,260,267**	7,629,334
Total current assets		**11,104,318**	13,313,904
Total assets		**15,695,621**	18,386,619
Current liabilities			
Trade payables	*10*	**1,396,492**	1,381,559
Other payables and accruals		**754,058**	278,023
Contract liabilities		**207,126**	36,239
Bank loan		**357,784**	332,235
Lease liabilities		**56,610**	173,032
Total current liabilities		**2,772,070**	2,201,088
Net current assets		**8,332,248**	11,112,816
Total assets less current liabilities		**12,923,551**	16,185,531
Non-current liabilities			
Bank loan		**2,609,694**	2,947,765
Lease liabilities		**50,236**	118,214
Total non-current liabilities		**2,659,930**	3,065,979
NET ASSETS		**10,263,621**	13,119,552

	Notes	**31 December 2020 S$**	31 December 2019 S$
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)
Share-based payments reserve		**539,758**	–
Currency translation reserve		**48,949**	17,359
Accumulated profits		**1,428,449**	4,855,728
TOTAL EQUITY		**10,263,621**	13,119,552

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital S$	Share premium *(Note A)* S$	Merger reserves *(Note B)* S$	Share-based payments reserve S$	Currency translation reserve S$	Retained earnings S$	Total S$
At 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 and 1 January 2020	689,655	12,126,905	(4,570,095)	–	17,359	4,855,728	13,119,552
Loss for the financial year	–	–	–	–	–	(3,427,279)	(3,427,279)
Other comprehensive income/(expense):							
Foreign currency translation	–	–	–	–	31,590	–	31,590
Total comprehensive loss	–	–	–	–	31,590	(3,427,279)	(3,395,689)
Recognition of equity-settled share-based payments	–	–	–	539,758	–	–	539,758
At 31 December 2020	689,655	12,126,905	(4,570,095)	539,758	48,949	1,428,449	10,263,621

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 INFORMATION

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 Windward 3, Regatta Office Park, 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 1104A, 11F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, 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 operating subsidiaries are principally engaged in the design, fabrication, installation and maintenance of signage and related products and the business of provision of subcontracting services for fitting-out work of commercial premises and residential developments and renovation work of premises.

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 on 22 March 2021.

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 2020, 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 AMENDMENTS INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the "Amendments to References to the Conceptual Framework in IFRS standards" and the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform

The application of the "Amendments to References to the Conceptual Framework in IFRS Standards" and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19 Related Rent Concessions[4]
Amendment to IFRS 3	Reference to the Conceptual Framework[2]
Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

The directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on 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:

	2020	2019
	S$	*S$*
Revenue from contracts with customers recognised at a point in time:		
– Public	**5,690,447**	7,471,558
– Private	**692,757**	1,029,142
	6,383,204	8,500,700

Entity-wide disclosures

Major customers

No revenue from any customers individually contributed over 10% of total revenue of the Group for the years ended 31 December 2020 and 2019.

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	
	2020	2019
	S$	*S$*
Interest expense on lease liabilities	**8,843**	24,436
Interest expense on bank loan	**47,558**	–
Others	**120**	–
	56,521	24,436

6. INCOME TAX CREDIT

	Year ended 31 December	
	2020	2019
	S$	*S$*
Current tax – Singapore Corporate income tax ("CIT")	**–**	–
Under provision in prior years	**–**	13,654
Deferred tax	**(113,711)**	(54,000)
Income tax credit	**(113,711)**	(40,346)

Singapore CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies are eligible for CIT rebate of 25%, capped at S$15,000 for Year of Assessment 2020. 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$190,000 of normal chargeable income from Year of Assessment 2020 onwards.

7. LOSS FOR THE YEAR

	Year ended 31 December	
	2020	2019
	S$	*S$*
Loss for the year has been arrived at after charging:		
Auditors' remuneration		
– Annual audit services	**120,000**	85,000
Depreciation and amortisation expenses	**612,525**	574,677
Cost of inventories recognised as expenses	**3,694,860**	4,223,331
Directors' fee	**80,142**	88,506
Directors' and chief executive's remuneration	**199,402**	317,102
Other staff costs		
– salaries and other staff costs	**2,409,924**	2,628,590
– contributions to defined contribution plans	**114,571**	108,136
Share-based payments expenses		
– Directors	**230,488**	–
– Employees	**309,270**	–

8. LOSS PER SHARE

	Year ended 31 December	
	2020	2019 (restated)
Loss attributable to the owners of the Company *(S$)*	**(3,427,279)**	(1,586,829)
Weighted average number of ordinary shares in issue	**128,000,000**	128,000,000

The weighted average number of ordinary shares during the year ended 31 December 2019 have been adjusted for the Share Consolidation as set out in note 11.

The diluted losses per share is the same as the basic losses per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 December 2020 and 2019. The effect of the exercise of share options was not included in the calculation of diluted losses per share as they are anti-dilutive during the year ended 31 December 2020.

9. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2020	2019
	S$	*S$*
Trade receivables	**2,012,480**	2,533,433
Less: Allowance for expected credit losses	**(565,231)**	(554,005)
	1,447,249	1,979,428
Retention receivables	**648,963**	626,547
Less: Allowance for expected credit losses	**(20,373)**	–
Purchase advances paid to suppliers	**1,480,300**	111,178
Bank interest receivables	**118**	3,951
Rental and other deposits	**24,324**	143,171
Prepayments	**297,235**	124,720
Loan and other receivables	**3,510,211**	1,748,784
Less: Allowance for expected credit losses	**(32,438)**	(1,834)
Goods and services tax receivable	**–**	232,254
	7,355,589	4,968,199

For majority of customers, invoices may be raised in according to the schedule set out in the sales contracts (i.e. recognised as billing in advance) 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	
	2020	2019
	S$	*S$*
1-30 days	**617,239**	934,866
31-60 days	**613,585**	437,781
61-90 days	**34,405**	305,344
91-180 days	**95,332**	193,505
181-365 days	**34,907**	92,572
Over 365 days	**51,781**	15,360
	1,447,249	1,979,428

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.

Loans receivables are the loans which are granted to independent third parties for a term of 1 year (2019: 1 year) with effective interest of 7% to 10% (2019: 10%) per annum. As at 31 December 2020, loans of S$2,867,964 (2019: S$1,265,361) are secured by individual guarantee of independent third parties. The loan receivables outstanding as at 31 December 2020 and 2019 are denominated in Hong Kong Dollars.

Movement in the allowance of expected credit losses

Movement in lifetime expected credit losses that has been recognised for trade and other receivables in accordance with simplified approach set out in IFRS 9 for the year ended:

	2020	2019
	S$	*S$*
Balance as at 1 January	**555,839**	22,656
Expected credit losses ("ECL")	**64,010**	533,183
Reversal of ECL *(note)*	**(513)**	–
Exchange realignment	**(1,294)**	–
Balance as at 31 December	**618,042**	555,839

Note: Reversal of allowance of ECL is due to the Group's recovery of receivables.

10. TRADE PAYABLES

	At 31 December	
	2020	2019
	S$	*S$*
Trade payables	**1,396,492**	1,381,559

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	
	2020	2019
	S$	*S$*
0–30 days	**557,881**	618,538
31–90 days	**804,256**	459,236
Over 90 days	**34,355**	303,785
	1,396,492	1,381,559

11. SHARE CAPITAL

	Number of shares	Share capital
		HK$
Authorised:		
Ordinary shares of HK$0.03125 (2019: HK$0.00125) each		
At 1 January 2019, 31 December 2019 and 1 January 2020	40,000,000,000	50,000,000
Share consolidation	(38,400,000,000)	–
At 31 December 2020	1,600,000,000	50,000,000

	Number of shares	Share capital
		S$
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 1 January 2020	3,200,000,000	689,655
Share consolidation	(3,072,000,000)	–
At 31 December 2020	128,000,000	689,655

An extraordinary general meeting was held on 17 July 2020 in which the resolution to approve the proposed share consolidation of every twenty-five (25) issued and unissued shares of par value of HK$0.00125 each be consolidated into one (1) consolidated share of par value of HK$0.03125 each (the "Share Consolidation") was passed by the shareholders of the Company. The Share Consolidation became effective on 21 July 2020. Please refer to the announcements and circular of the Company dated 10 June 2020, 29 June 2020 and 17 July 2020 for details of the Share Consolidation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2020, the Group recorded revenue of approximately S$6,383,000 (2019: approximately S$8,501,000) and loss for the year of approximately S$3,427,000 (2019: approximately S$1,587,000).

Revenue had decreased by approximately 24.9% or S$2,118,000. The gross profit and gross profit margin for the year ended 31 December 2020 was approximately S$672,000 (2019: approximately S$1,987,000) and approximately 10.5% (2019: approximately 23.4%) respectively. All the above are mainly due to circuit breaker measures implemented by the Government of Singapore in response to the COVID-19 pandemic in the country. All non-essential workplaces closed from 7 April 2020 and some restrictions were relaxed progressively in stages to prepare for the end of the circuit breaker on 1 June 2020. Three phases of planned reopening. Phase 1 started on 2 June 2020, while Phase 2 started on 19 June 2020. Phase 3 started from 28 December 2020 and it will last until an effective treatment or vaccine is found to stop the spread of COVID-19.

Other income for the year ended 31 December 2020 included government grants of approximately S$476,000 which is mainly in respect of Covid-19 related subsidies. The Group also recorded approximately S$270,000 interest income which was mainly arise from loan receivables.

Other gains and losses included a compensation of S$700,000 to resolve a law suit through mediation during the year ended 31 December 2020. The Group also recorded approximately S$65,000 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 2020 was approximately S$4,122,000, (2019: approximately S$3,161,000). Mainly arise from higher expenses incurred for advertisement expenses and shared-based payment expenses.

The Group recorded a loss before tax for the year ended 31 December 2020 of approximately S$3,541,000 (2019: approximately S$1,627,000).

Loss for the year ended 31 December 2020 was approximately S$3,427,000, compared with approximately S$1,587,000 for the year ended 31 December 2019.

Liquidity and Financial Resources

The Group financed its operations principally by cash flow from operating activities. 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. 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 2020, the cash and cash equivalents of the Group has decreased by approximately S$4,369,000. This was mainly due to net cash of approximately S$2,424,000 used in operating activities, repayment of borrowings of approximately S$313,000 and increase in loan and other receivables of approximately S$1,777,000.

At 31 December 2020, the Group had cash and cash equivalents of approximately S$3,260,000 (2019: approximately S$7,629,000) which were placed with major banks in Singapore and Hong Kong.

As at 31 December 2020, the Group's total interest-bearing borrowings was approximately S$3,074,000 (2019: approximately S$3,571,000), which comprised the property loan of approximately S$2,967,000 (2019: S$3,280,000) and lease liabilities of approximately S$107,000 (2019: approximately S$291,000). The Group's gearing ratio as at 31 December 2020 was approximately 19.5% (2019: approximately 19.4%), which is calculated as the Group's total borrowings over the Group's total assets.

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$6,383,000 and S$8,501,000 for the years ended 31 December 2020 and 2019, 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 year ended 31 December 2020, the Group has commenced the business of provision of subcontracting services for fitting-out work of commercial premises and residential developments and renovation work of premises in Hong Kong. This business will generate revenue in the year ending 31 December 2021.

FOREIGN EXCHANGE EXPOSURE

The Group transacts mainly in Singapore Dollars, which is the functional currency of the Group. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise. The Group had an unrealised foreign exchange loss of approximately S$65,000 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 2020. The Group had no specific future plan for material investments or capital assets as at 31 December 2020.

CHARGES ON GROUP'S ASSETS

As at 31 December 2020, the Group's borrowings are secured by the lessor's title to the relevant leasehold land, building and leased motor vehicles with the aggregate carrying values amounting to approximately S$4,194,000 (2019: approximately S$4,690,000).

CONTINGENT LIABILITIES

As at 31 December 2020, the guarantees in respect of performance bonds in favour of our customers was approximately S$21,000 (2019: approximately S$21,000), which is secured by pledged bank deposits.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have any capital commitment (2019: Nil).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives	Planned expenses as stated in the prospectus of the Company dated 30 June 2015 *HK$ (in million)*	Actual use of proceeds up to 31 December 2019 *HK$ (in million)*	Remaining balance as at 31 December 2019 *HK$ (in million)*	Actual use of proceeds during the year ended 31 December 2020 and up to the date of this announcement *HK$ (in million)*	Balance available as at the date of this announcement *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 *(Note 1)*	8.2	–	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	8.2	–

Note 1: During the year ended 31 December 2020 and up to the date of this announcement, the Group has fully utilised the proceeds of HK$8.2 million for the intended purpose. The proceeds have been utilised for capital contributions for the business of provision of subcontracting services for fitting-out work of commercial premises and residential developments and renovation work of premises in Hong Kong.

EMPLOYEE INFORMATION

As at 31 December 2020, the Group had an aggregate of 75 (2019: 81) 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. The Company has adopted a share option scheme for the grant of share options to eligible participants which includes the employees. The Group also provides staff training for the employees.

Total staff costs, including Directors' emoluments, amounted to approximately S$3,344,000 for the year ended 31 December 2020 (2019: approximately S$3,142,000).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020.

OUTLOOK

The demand in construction sector activities in Singapore has declined which would adversely affect the Group's revenue. In addition, the Government of Singapore has implemented measures to reduce the risk of further local transmission of COVID-19 since April 2020 which will continue to affect the operation of the Group. Looking forward to 2021, due to the outbreak of COVID-19, the fierce competition in bidding prices and higher material costs, both revenue and gross profit of the local construction market is expected to be decreased. In order to diversify the Group's existing business portfolio and broaden its source of income, the Group has commenced the business of provision of subcontracting services for fittingout work of commercial premises and residential developments and renovation work of premises in Hong Kong in the forth quarter of 2020, which will generate revenue in 2021. 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.

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 2020, 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 Directors	Nature of interest	Number of shares held	Number of underlying shares held[2]	Approximate percentage of issued share capital
Executive Directors:				
Tan Thiam Kiat Kelvin	Interest of controlled company[1]	39,337,600	–	30.73%
Kong Weishan	Beneficial owner	–	1,280,000	1.00%
Independent non-executive Directors:				
Lau Muk Kan	Beneficial owner	–	1,280,000	1.00%
Lock Kiu Yin	Beneficial owner	–	1,280,000	1.00%
Xiao Laiwen	Beneficial owner	–	1,280,000	1.00%

Note:

(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, Mr. Tan Thiam Kiat Kelvin is deemed to be interested in all the shares held by Absolute Truth Investments Limited.

(2) On 9 April 2020, the Company granted share options to Ms. Kong Weishan, Mr. Lau Muk Kan, Mr. Lock Kiu Yin and Mr. Xiao Laiwen under the share option scheme of the Company at an exercise price of HK$0.45 per share (adjusted) with a validity period of two years from 9 April 2020 to 8 April 2022 (both days inclusive).

Save as disclosed above, as at 31 December 2020, 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 2020, 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	39,337,600	30.73%
Tan Kwang Hwee Peter	Interest of controlled company[(1)]	39,337,600	30.73%
Wang Ya Fei	Beneficial owner	9,600,000	7.50%
Han Dongshen	Beneficial owner	7,040,000	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 2020, 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 2020.

SHARE OPTION SCHEME

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

On 9 April 2020, the Company granted a total of 12,800,000 share options (adjusted) to Directors and employees of the Group under the Share Option Scheme at an exercise price of HK$0.45 per share (adjusted) with a validity period of two years from 9 April 2020 to 8 April 2022 (both days inclusive). The closing price of the Company's shares immediately before the date of grant was HK$0.45 (adjusted).

Save as disclosed above, during the year ended 31 December 2020, no share options was granted, exercised, lapsed or cancelled under the Share Option Scheme. As at 31 December 2020, there were 12,800,000 outstanding share options.

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 2020.

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 2020.

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 2020.

EVENT AFTER THE REPORTING PERIOD

On 8 February 2021, the Company and placing agent entered into the placing agreement to place up to 96,000,000 new ordinary shares at HK$0.15 per share (the "Placing"). The placing shares will be allotted and issued pursuant to the specific mandate to be obtained at the extraordinary general meeting of the Company. Assuming the placing shares are fully placed, the gross proceeds from the Placing are approximately HK$14,400,000 and the net proceeds from the Placing are approximately HK$14,000,000 after deducted the transaction expenses. The placing has not been completed up to the date of this annual report. Details of the Placing are set out in the Company's announcements dated 8 February 2021 and 19 March 2021.

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 2020 have been reviewed by the Audit Committee.

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

Singapore, 22 March 2021

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 Listed Company Information" 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*