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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 2021**

#### **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 2021 together with comparative figures for the corresponding year in 2020:

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

*For the year ended 31 December 2021*

	<i>Note</i>	<b>2021</b> <i>S\$</i>	2020 <i>S\$</i>
Revenue	4	<b>18,541,810</b>	6,383,204
Cost of sales and services		<b>(16,224,926)</b>	(5,710,834)
Gross profit		<b>2,316,884</b>	672,370
Other income		<b>539,501</b>	760,301
Other gains and losses		<b>165,859</b>	(731,457)
Selling and administrative expenses		<b>(2,447,332)</b>	(4,122,186)
Allowances for expected credit losses, net		<b>(211,739)</b>	(63,497)
Finance costs	5	<b>(29,215)</b>	(56,521)
<b>Profit/(loss) before income tax</b>		<b>333,958</b>	(3,540,990)
Income tax (expense)/credit	6	<b>(88,200)</b>	113,711
<b>Profit/(loss) for the year</b>	7	<b>245,758</b>	(3,427,279)
<b>Other comprehensive (expense)/income:</b> <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operation		<b>(26,542)</b>	31,590
Other comprehensive (expense)/income, net of tax		<b>(26,542)</b>	31,590
<b>Total comprehensive income/(expense) for the year attributable to owners of the Company</b>		<b>219,216</b>	(3,395,689)
Earnings/(loss) per share			
Basic and diluted (S\$ cents)		<b>0.131</b>	(2.678)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		<b>31 December 2021</b>	31 December 2020
	<i>Note</i>	<b>S\$</b>	<b>S\$</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,676,012</b>	2,901,942
Right-of-use assets		<b>1,292,924</b>	1,549,650
Deferred tax assets		<b>51,511</b>	139,711
		<hr/>	<hr/>
Total non-current assets		<b>4,020,447</b>	4,591,303
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>295,424</b>	274,746
Trade and other receivables	<i>9</i>	<b>5,558,245</b>	6,726,999
Contract assets	<i>10</i>	<b>3,603,752</b>	628,590
Pledged bank deposits		–	213,716
Bank and cash balances		<b>3,616,810</b>	3,260,267
		<hr/>	<hr/>
Total current assets		<b>13,074,231</b>	11,104,318
		<hr/>	<hr/>
<b>Total assets</b>		<b>17,094,678</b>	15,695,621
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>905,156</b>	1,396,492
Other payables and accruals		<b>499,575</b>	754,058
Contract liabilities		<b>161,585</b>	207,126
Bank loan		<b>356,881</b>	357,784
Lease liabilities		<b>15,541</b>	56,610
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>1,938,738</b>	2,772,070
		<hr/>	<hr/>
<b>Net current assets</b>		<b>11,135,493</b>	8,332,248
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>15,155,940</b>	12,923,551
		<hr/>	<hr/>

		<b>31 December 2021</b>	31 December 2020
	<i>Note</i>	<b>S\$</b>	<b>S\$</b>
<b>Non-current liabilities</b>			
Bank loan		<b>2,251,560</b>	2,609,694
Lease liabilities		<b>34,695</b>	50,236
		<hr/>	<hr/>
Total non-current liabilities		<b>2,286,255</b>	2,659,930
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>12,869,685</b>	10,263,621
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>1,200,855</b>	689,655
Share premium		<b>14,002,553</b>	12,126,905
Merger reserves		<b>(4,570,095)</b>	(4,570,095)
Share-based payments reserve		<b>539,758</b>	539,758
Currency translation reserve		<b>22,407</b>	48,949
Accumulated profits		<b>1,674,207</b>	1,428,449
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>12,869,685</b>	10,263,621
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital	Share premium (Note A)	Merger reserves (Note B)	Share- based payments reserve (Note C)	Currency translation reserve (Note D)	Retained earnings	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
At 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)
<i>Other comprehensive income/(expense):</i>							
Foreign currency translation	–	–	–	–	31,590	–	31,590
Total comprehensive loss	–	–	–	–	31,590	(3,427,279)	(3,395,689)
Recognition of equity-settled shared-based payments	–	–	–	539,758	–	–	539,758
At 31 December 2020 and 1 January 2021	689,655	12,126,905	(4,570,095)	539,758	48,949	1,428,449	10,263,621
Profit for the financial year	–	–	–	–	–	245,758	245,758
<i>Other comprehensive income/(expense):</i>							
Foreign currency translation	–	–	–	–	(26,542)	–	(26,542)
Total comprehensive income	–	–	–	–	(26,542)	245,758	219,216
Placing of new shares	511,200	1,875,648	–	–	–	–	2,386,848
At 31 December 2021	<u>1,200,855</u>	<u>14,002,553</u>	<u>(4,570,095)</u>	<u>539,758</u>	<u>22,407</u>	<u>1,674,207</u>	<u>12,869,685</u>

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 a 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.
- (C) Share-based payments reserve comprises the portion of the grant date fair value of unexercised share options granted to directors and employees of the Company has yet been recognised.
- (D) The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

## 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. 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 fitting-out and renovation services for commercial premises and residential developments.

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

### 2. 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 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 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest rate Benchmark Reform – Phrase 2
Amendment to IFRS 16	COVID-19-Related Rent Concessions

#### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform – Phrase 2**

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”).

The amendments do not have an impact on these financial statements as the group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

#### **Amendment to IFRS 16, COVID-19-Related Rent Concessions**

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19 Related Rent Concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. The application of the amendment does not have any impact on these 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:*

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised IFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendment to IFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IFRS 3 Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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

These consolidated financial statements have been prepared in accordance with applicable IFRSs issued by the IASB which include all IFRSs, International Accounting Standards (“IASs”) and Interpretations issued and the applicable disclosure requirements of the Chapter 18 of GEM Listing Rules and the disclosure requirement of Hong Kong Companies Ordinance.

The directors of the Company have at the time at approving the consolidated financial statement, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting was adopted in reporting the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

#### 4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company are identified as the chief operating decision maker (the “CODM”) of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group’s operating and reportable segments are as follows:

**(i) Signage business**

Sale of signage, bollard, variable-message signs, bus stops, linkways and aluminium railing to customers in Singapore.

**(ii) Fitting-out and renovation services**

Provision of fitting-out and renovation services for commercial premises and residential developments.

Following the changes of reporting structure, the number of operating and reportable segments in the Group was increased from one to two during the year ended 31 December 2021 due to commencement of the fitting-out and renovation services in Hong Kong.

There was no inter-segment sale or transfer during the year ended 31 December 2021 (2020: Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments’ results that is used by the CODM for assessment of segment performance. Segment assets do not include cash and bank balances, deferred tax assets and other unallocation head office and corporate assets. Segment liabilities do not include other unallocated head office and corporate liabilities.



An analysis of the Group's revenue and results by operating and reportable segments is as follows:

	Year ended 31 December 2021		
	Signage business S\$	Fitting-out and renovation services S\$	Total S\$
<b>Segment revenue</b>			
Sales to external customers	7,938,799	10,603,011	<u>18,541,810</u>
<b>Segment results</b>	202,500	(25,772)	176,728
<i>Reconciliation</i>			
Unallocated other income and other gains and losses			368,969
Corporate and other unallocated expenses			<u>(211,739)</u>
Profit before tax			<u>333,958</u>
<b>Segment assets</b>	5,967,510	4,809,082	10,776,592
<i>Reconciliation</i>			
Deferred tax assets			51,511
Cash and bank balances			3,616,810
Corporate and other unallocated assets			<u>2,649,765</u>
Total assets			<u>17,094,678</u>
<b>Segment liabilities</b>	3,854,444	–	3,854,444
<i>Reconciliation</i>			
Corporate and other unallocated liabilities			<u>370,549</u>
Total liabilities			<u>4,224,993</u>
<b>Other segment information</b>			
Depreciation and amortisation expenses	513,178	–	<u>513,178</u>
Capital expenditure*	50,000	–	<u>50,000</u>

\* Represented additions to property, plant and equipment

	Year ended 31 December 2020		
	Signage business S\$	Fitting-out and renovation services S\$	Total S\$
<b>Segment revenue</b>			
Sales to external customers	6,383,204	–	<u>6,383,204</u>
<b>Segment results</b>	(3,015,327)	–	(3,015,327)
<i>Reconciliation</i>			
Unallocated other income and other gains and losses			269,291
Corporate and other unallocated expenses			<u>(794,954)</u>
Loss before tax			<u>(3,540,990)</u>
<b>Segment assets</b>	8,310,256	–	8,310,256
<i>Reconciliation</i>			
Deferred tax assets			139,711
Pledged bank deposits			213,716
Cash and bank balances			3,260,267
Corporate and other unallocated assets			<u>3,771,671</u>
Total assets			<u>15,695,621</u>
<b>Segment liabilities</b>	5,023,742	–	5,023,742
<i>Reconciliation</i>			
Corporate and other unallocated liabilities			<u>408,258</u>
Total liabilities			<u>5,432,000</u>
<b>Other segment information</b>			
Depreciation and amortisation expense	586,754	–	586,754
Unallocated depreciation and amortisation expense			<u>25,771</u>
Unallocated amounts			<u>612,525</u>
Capital expenditure*	31,279	–	<u>31,279</u>

\* *Represented additions to property, plant and equipment*

## Major Customers

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

	2021 S\$	2020 S\$
<b>Fitting-out and renovation services</b>		
Customer A	<u>7,053,797</u>	<u>–</u> <i>Note</i>

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

	2021 S\$	2020 S\$
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
<b>Timing for revenue recognition</b>		
Revenue recognised at a point in time	7,938,799	6,383,204
Revenue recognised over time	<u>10,603,011</u>	<u>–</u>
	<u>18,541,810</u>	<u>6,383,204</u>

## Geographical information

In presenting the geographical information, revenue is based on the locations of the customers.

The Group operates in two principal geographical areas – Singapore and Hong Kong. The following table provides an analysis of the Group's revenue from external customers and non-current assets. Non-current assets do not include deferred tax assets.

	Revenue from external customers		Non-current assets	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Singapore	7,938,799	6,383,204	3,968,936	4,439,697
Hong Kong	<u>10,603,011</u>	<u>–</u>	<u>–</u>	<u>11,895</u>
	<u>18,541,810</u>	<u>6,383,204</u>	<u>3,968,936</u>	<u>4,451,592</u>

## Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its revenue contracts of fitting-out and renovation services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the revenue contracts of fitting-out and renovation services that had an original expected duration of one year or less.

## 5. FINANCE COSTS

	Year ended 31 December	
	2021	2020
	S\$	S\$
Interest expense on lease liabilities	3,280	8,843
Interest expense on bank loan	25,935	47,558
Others	–	120
	<u>29,215</u>	<u>56,521</u>

## 6. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December	
	2021	2020
	S\$	S\$
Deferred tax	<u>88,200</u>	<u>(113,711)</u>
Income tax expense/(credit)	<u>88,200</u>	<u>(113,711)</u>

Singapore CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can 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. No provision for Singapore CIT has been made since the Group has sufficient tax losses brought forward to set off against the assessable profit for the year ended 31 December 2021 and no assessable profits derived from or earned in Singapore for the year ended 31 December 2020.

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%. No provision for Hong Kong Profits Tax has been made since the Group has no assessable profit for the years ended 31 December 2021 and 2020.

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

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Profit/(Loss) before income tax	<b>333,958</b>	(3,540,990)
Tax at Singapore CIT of 17%	<b>56,773</b>	(601,968)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(313)</b>	10,291
Tax effect of income and expenses not taxable and deductible for tax purpose, net	<b>113,562</b>	524,752
Tax effect of tax losses not recognised	<b>4,381</b>	–
Tax effect of income under tax exemption and rebate	<b>(87,284)</b>	(46,786)
Others	<b>1,081</b>	–
	<hr/>	<hr/>
Income tax expense/(credit) for the year	<b>88,200</b>	(113,711)
	<hr/> <hr/>	<hr/> <hr/>

## 7. PROFIT/(LOSS) FOR THE YEAR

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Profit/(Loss) for the year has been arrived at after (crediting)/charging:		
Auditors' remuneration		
– Annual audit services	<b>100,000</b>	120,000
Gain on disposal of property, plant and equipment	<b>(5,218)</b>	(2,000)
Depreciation and amortisation expenses		
– Included in cost of sales and service	<b>387,665</b>	455,257
– Included in selling and administrative expense	<b>125,513</b>	157,268
	<hr/>	<hr/>
	<b>513,178</b>	612,525
Cost of inventories recognised as expenses	<b>2,780,242</b>	3,694,860
Directors' fee	<b>67,845</b>	80,142
Directors' and chief executive's remuneration	<b>194,065</b>	199,402
Net allowance for expected credit losses	<b>211,739</b>	63,497
Short-term lease payments	<b>168,005</b>	186,955
Other staff costs		
– Salaries and other staff costs	<b>2,453,427</b>	2,409,924
– Contributions to defined contribution plans	<b>122,487</b>	114,571
Share-based payments expenses		
– Directors	–	230,488
– Employees	–	309,270
	<hr/> <hr/>	<hr/> <hr/>

## 8. EARNINGS/(LOSS) PER SHARE

	Year ended 31 December	
	2021	2020
Profit/(loss) attributable to the owners of the Company (S\$)	<u>245,758</u>	<u>(3,427,279)</u>
Weighted average number of ordinary shares in issue	<u>187,178,082</u>	<u>128,000,000</u>

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding for the financial years ended 31 December 2021 and 2020. The effect of the exercise of share options was not included in the calculation of diluted earnings/(loss) per share as they have no dilutive effect during the financial years ended 31 December 2021 and 2020.

## 9. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2021 S\$	2020 S\$
Trade receivables	1,519,460	2,012,480
Less: Allowance for expected credit losses	<u>(720,123)</u>	<u>(565,231)</u>
	799,337	1,447,249
Purchase advances paid to suppliers	1,994,840	1,480,300
Bank interest receivables	–	118
Rental and other deposits	30,110	24,324
Prepayments	58,436	297,235
Loan and other receivables	2,703,911	3,510,211
Less: Allowance for expected credit losses	<u>(28,389)</u>	<u>(32,438)</u>
	<u>5,558,245</u>	<u>6,726,999</u>

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:

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
1-30 days	<b>537,364</b>	617,239
31-60 days	<b>148,134</b>	613,585
61-90 days	<b>56,668</b>	34,405
91-180 days	<b>20,277</b>	95,332
181-365 days	<b>3,290</b>	34,907
Over 365 days	<b>33,604</b>	51,781
	<hr/> <b>799,337</b> <hr/>	<hr/> 1,447,249 <hr/>

Before granting credit to new customers, the Group reviews the customers' profile and financial position 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.

Loans receivables are the loans which are granted to independent third parties for a term of 1 year (2020: 1 year) with effective interest of 7% to 10% (2020: 7% to 10%) per annum. As at 31 December 2021, loans of S\$2,522,371 (2020: S\$2,867,964) are secured by individual guarantee of independent third parties of the Group. The loan receivables outstanding as at 31 December 2021 and 2020 are denominated in Hong Kong Dollars.

#### **Movement in the allowance of expected credit losses**

Movement in expected credit losses that has been recognised for trade and other receivables in accordance with IFRS 9 for the years ended:

	<b>2021</b>	2020
	<b>S\$</b>	S\$
Balance as at 1 January	<b>597,669</b>	555,839
Recognition of expected credit losses ("ECL")	<b>198,230</b>	43,637
Reversal of ECL	<b>(6,939)</b>	(513)
Written-off	<b>(41,025)</b>	–
Exchange realignment	<b>577</b>	(1,294)
	<hr/> <b>748,512</b> <hr/>	<hr/> 597,669 <hr/>
Balance as at 31 December	<b>748,512</b>	597,669

## 10. CONTRACT ASSETS

	At 31 December	
	2021	2020
	S\$	S\$
Arising from performance under fitting out and renovation services	2,979,207	–
Arising from performance under signage business	665,372	648,963
	<u>3,644,579</u>	<u>648,963</u>
Loss: Allowance for expected credit losses	(40,827)	(20,373)
	<u>3,603,752</u>	<u>628,590</u>

Movement in expected credit losses that has been recognised for contract assets in accordance with IFRS 9 for the years ended:

	2021	2020
	S\$	S\$
Balance as at 1 January	20,373	–
Recognition of ECL	20,448	20,373
Exchange realignment	6	–
	<u>40,827</u>	<u>20,373</u>

## 11. TRADE PAYABLES

	At 31 December	
	2021	2020
	S\$	S\$
Trade payables	905,156	1,396,492

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	
	2021	2020
	S\$	S\$
0-30 days	535,264	557,881
31-90 days	224,391	804,256
Over 90 days	145,501	34,355
	<u>905,156</u>	<u>1,396,492</u>



## 12. SHARE CAPITAL

	Number of shares	Share capital HK\$
<b>Authorised:</b>		
At 1 January 2020 (Ordinary shares of HK\$0.00125 each)	40,000,000,000	50,000,000
Share Consolidation ( <i>note (ii)</i> )	<u>(38,400,000,000)</u>	<u>–</u>
At 31 December 2020, 1 January 2021 and 31 December 2021 (Ordinary shares of HK\$0.03125 each)	<u>1,600,000,000</u>	<u>50,000,000</u>
	Number of shares	Share capital S\$
<b>Issued and fully paid:</b>		
At 1 January 2020 (Ordinary shares of HK\$0.00125 each)	3,200,000,000	689,655
Share consolidation ( <i>note (ii)</i> )	<u>(3,072,000,000)</u>	<u>–</u>
At 31 December 2020 and 1 January 2021 (Ordinary shares of HK\$0.03125 each)	128,000,000	689,655
Placing new shares ( <i>note (i)</i> )	<u>96,000,000</u>	<u>511,200</u>
At 31 December 2021 (Ordinary shares of HK\$0.03125 each)	<u>224,000,000</u>	<u>1,200,855</u>

### Notes:

- (i) An extraordinary general meeting was held on 4 May 2021 in which the resolution to approve the proposed placing of 96,000,000 new ordinary shares of par value of HK\$0.03125 each (the “Placing Share”), at the placing price of HK\$0.15 per Placing Share (the “Placing”) was passed by the shareholders of the Company. The Placing has completed on 21 May 2021. The net proceeds received by the Company from the placement were S\$2,386,848 (equivalent to approximately HK\$14,008,000), among which S\$511,200 (equivalent to approximately HK\$3,000,000) were credited to the share capital account and the balance of S\$1,875,648 (equivalent to approximately HK\$11,008,000) were credited to the share premium account. Please refer to the announcements and circular of the Company dated 16 April 2021, 4 May 2021 and 21 May 2021 for details of the Placing.
- (ii) 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 2021, the Group recorded a revenue of approximately S\$18,542,000 (2020: S\$6,383,000) and profit of approximately S\$246,000 (2020: loss of approximately S\$3,427,000).

Revenue had increased by approximately 190.5% or S\$12,159,000. The gross profit and gross profit margin for the year ended 31 December 2021 was approximately S\$2,317,000 (2020: S\$672,000) and approximately 12.5% (2020: 10.5%) respectively.

Increase of revenue is mainly due to the revenue generated for the fitting-out and renovation services business during the year ended 31 December 2021 and the improvement in construction demand during the ongoing COVID-19 pandemic.

Other income for the year ended 31 December 2021 included government grants of approximately S\$263,000 which is mainly in respect of COVID-19 related subsidies. The Group also recorded approximately S\$209,000 interest income which was mainly arise from loan receivables.

Other gains and losses for the year ended 31 December 2021 included approximately S\$173,000 of foreign exchange gain which was mainly arise from loan receivables and 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 2021 was approximately S\$2,447,000 (2020: S\$4,122,000) representing an decrease of approximately S\$1,675,000 or 40.6% mainly due to lesser staff costs, advertisement expenses and legal and professional fees incurred.

The Group recorded a profit before tax for the year ended 31 December 2021 of approximately S\$334,000, compared to loss before tax of approximately S\$3,541,000 for the corresponding period in 2020.

Profit for the year ended 31 December 2021 was approximately S\$246,000, compared to loss of approximately S\$3,427,000 for the corresponding period in 2020.

## **Liquidity and Financial Resources**

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

For the year ended 31 December 2021, the cash and cash equivalents of the Group has increased by approximately S\$357,000. This was mainly arise from net proceeds from issuance of new shares of approximately S\$2,387,000 and net cash generated from investing activities of approximately S\$1,314,000, offset with net cash used in operating activities of approximately S\$2,786,000 and repayment of bank loan and its interest of approximately S\$385,000.

The total interest-bearing borrowing of the Group as at 31 December 2021 was S\$2,659,000 (2020: S\$3,074,000). The Group's gearing ratio as at 31 December 2021 was approximately 15.5% (2020: approximately 19.5%), which is calculated as the Group's total borrowing over the Group's total assets.

As at 31 December 2021, the Group had cash and cash equivalents of approximately S\$3,617,000 (2020: approximately S\$3,260,000) which were placed with major banks in Singapore and Hong Kong.

## **BUSINESS REVIEW**

Revenue from the sale of signage, bollard, variable-message signs, bus stops and aluminium railing in the public and private sectors in Singapore was amounted to approximately S\$7,939,000 and S\$6,383,000 for the years ended 31 December 2021 and 2020 respectively. The revenue has increased by approximately S\$1,556,000 mainly due to improvement in construction demand during COVID-19 pandemic.

The Group commenced the business of provision of fitting-out and renovation services for commercial premises and residential developments in the fourth quarter of 2020. The Group is responsible for the overall management of the contracted projects which involves sourcing, procurement and quality control of materials, arrangement of subcontractors, and supervision and inspection of the project progress until completion and may also provide design services upon clients' request. Revenue from this segment was amounted to approximately S\$10,603,000 during the year ended 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 gain of approximately S\$173,000 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, 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 2021. The Group had no specific future plan for material investments or capital assets as at 31 December 2021.

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

As at 31 December 2021, 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\$3,733,000 (2020: approximately S\$4,194,000).

## **CONTINGENT LIABILITIES**

As at 31 December 2021, the guarantees in respect of performance bonds in favour of our customers was Nil (2020: approximately S\$21,000).

## **CAPITAL COMMITMENTS**

As at 31 December 2021, the Group did not have any capital commitment (2020: Nil).

## **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

On 8 February 2021, the Company proposed to place up to 96,000,000 placing shares to not less than six placees who and whose beneficial owners are independent third parties at a price of HK\$0.15 per placing share, representing a discount of approximately 1.3% to the closing price of HK\$0.152 per share as quoted on the Stock Exchange on 8 February 2021, being the date of the placing agreement entered into between the Company and the placing agent in relation to the Placing.

The placing has completed on 21 May 2021, and 96,000,000 placing shares were allotted and issued which carried the aggregate nominal value of HK\$3 million. The gross and net proceeds (after deduction of commission and other expenses of the placing) raised from the placing are approximately HK\$14.4 million and approximately HK\$14.0 million, respectively. The net placing price was approximately HK\$0.146 per placing share.

Please refer to the announcements of the Company dated 8 February 2021, 4 May 2021 and 21 May 2021 and the circular of the Company dated 16 April 2021 for details of the placing.

## USE OF PROCEEDS

Business objectives	Planned expenses as stated in the circular of the Company dated 16 April 2021 <i>HK\$</i> <i>(in million)</i>	Actual use of proceeds during the year <i>HK\$</i> <i>(in million)</i>	Balance available as at 31 December 2021 <i>HK\$</i> <i>(in million)</i>	Expected timeline for full utilisation of the remaining net proceeds
Expansion and operation of the business of provision of fitting-out and renovation services for commercial premises and residential developments	14.0	(14.0)	–	–

## EMPLOYEE INFORMATION

As at 31 December 2021, the Group had an aggregate of 70 (2020: 75) 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\$2,838,000 for the year ended 31 December 2021 (2020: approximately S\$3,344,000).

## DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

## OUTLOOK

Looking forward, the demand in the construction sector activities in Singapore will slowly recover, yet the construction industry in Singapore will remain challenging due to the ongoing COVID-19 pandemic which led to the fierce competition in bidding prices and higher material costs. The Group will dedicate more efforts in the business of provision of fitting-out and renovation services so as to diversify the business portfolio and broaden its source of income. 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 2021, 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 <sup>(2)</sup>	Approximate percentage of the Company's issued share capital
<b>Executive Directors:</b>				
Tan Thiam Kiat Kelvin	Interest of controlled company <sup>(1)</sup>	39,337,600	–	17.56%
Kong Weishan	Beneficial owner	–	1,280,000	0.57%
<b>Independent non-executive Directors:</b>				
Lau Muk Kan	Beneficial owner	–	1,280,000	0.57%
Lock Kiu Yin	Beneficial owner	–	1,280,000	0.57%
Xiao Laiwen	Beneficial owner	–	1,280,000	0.57%

*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 2021, 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 2021, 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**

<b>Name of substantial shareholder</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Approximate percentage of the Company's issued share capital</b>
Absolute Truth Investments Limited	Beneficial owner	39,337,600	17.56%
Tan Kwang Hwee Peter	Interest of controlled company <sup>(1)</sup>	39,337,600	17.56%

*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 2021, 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 2021.

## **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 2021.

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

The Board strives to uphold the principles of corporate governance as set out in the Corporate Governance Code effective on or before 31 December 2021 (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 2021.

## **CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted 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 2021.

## **EVENT AFTER THE REPORTING PERIOD**

The outburst of COVID-19 Pandemic has brought additional uncertainties in the global macroeconomic situation which may affect the Group's financial performance. However, since the outburst is a fluid and challenging situation facing all the industries globally, the degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the outburst and assess its impact on the financial position and operating results of the Group.



## 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 2021 have been reviewed by the Audit Committee.

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

Singapore, 23 March 2022

*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](http://www.kpmholding.com).*

\* *For identification purposes only*