



**KPM** HOLDING LIMITED

吉輝控股有限公司\*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

**2022**

Third Quarterly Report

\* For identification purpose only

## **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.**

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*This report, for which the directors (the “Directors”) of KPM Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 the information contained in this report 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 report misleading.*

*The original report is prepared in the English language. This report 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 unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2022 respectively, together with the unaudited comparative figures for the corresponding period in 2021, as follows:

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

For the three months and nine months ended 30 September 2022

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Revenue	3	14,258,060	5,154,573	26,111,676	13,461,082
Cost of sales		(12,214,837)	(4,796,497)	(22,122,075)	(11,537,365)
<b>Gross profit</b>		<b>2,043,223</b>	358,076	<b>3,989,601</b>	1,923,717
Other income	4	102,832	136,887	298,820	463,283
Other gains and losses	5	330,570	105,254	581,494	254,181
Selling and administrative expenses		(569,432)	(466,261)	(2,449,881)	(1,881,315)
Allowance for expected credit losses, net		(5,652)	(30,642)	(26,448)	(40,002)
Finance costs	6	(13,996)	(7,163)	(33,815)	(22,442)
<b>Profit before income tax</b>		<b>1,887,545</b>	96,151	<b>2,359,771</b>	697,422
Income tax (expense)/credit	7	(16,400)	15,700	20,300	(94,600)
<b>Profit for the period</b>		<b>1,871,145</b>	111,851	<b>2,380,071</b>	602,822
<b>Other comprehensive income/(loss):</b> <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operation		63,127	(11,153)	51,635	(34,473)
<b>Total comprehensive income for the period</b>		<b>1,934,272</b>	100,698	<b>2,431,706</b>	568,349
<b>Earnings per share</b>					
Basic and diluted (S\$ cents)	8	0.790	0.050	1.026	0.345

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

### 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 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 party is Mr. Tan Thiam Kiat Kelvin, who is also the Chairman and Executive Directors of the Company. 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 provision of fitting-out and renovation services for commercial premises and residential developments.

The condensed consolidated financial information is presented in Singapore Dollar ("S\$" or "\$"), which is also the functional currency of the Company.

This unaudited condensed consolidated financial information was approved by the Board on 9 November 2022.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the Annual Report for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2022 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION

The Group's reportable and operating segments under IFRS 8 "Operating Segments" are as follows:

**(i) Signage business**

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

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

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Signage business	2,104,063	1,830,022	5,328,474	5,995,881
Fitting-out and renovation services	12,153,997	3,324,551	20,783,202	7,465,201
	14,258,060	5,154,573	26,111,676	13,461,082

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### *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.

	Revenue from external customers			
	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Singapore	2,104,063	1,830,022	5,328,474	5,995,881
Hong Kong	12,153,997	3,324,551	20,783,202	7,465,201
	<b>14,258,060</b>	<b>5,154,573</b>	<b>26,111,676</b>	<b>13,461,082</b>

### 4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
	Interest income	53,120	69,410	157,686
Government grants	38,281	63,331	93,827	238,801
Others	11,431	4,146	47,307	19,143
	<b>102,832</b>	<b>136,887</b>	<b>298,820</b>	<b>463,283</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### 5. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Gain on disposal of plant and equipment	–	4,918	–	5,218
Plant and equipment written off	–	(49)	–	(12,031)
Foreign exchange gain (loss), net	<b>330,570</b>	100,385	<b>581,494</b>	260,994
	<b>330,570</b>	105,254	<b>581,494</b>	254,181

### 6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Interests expenses on:				
– Term loan	<b>13,535</b>	6,485	<b>32,301</b>	19,751
– Lease liabilities	<b>461</b>	678	<b>1,514</b>	2,691
	<b>13,996</b>	7,163	<b>33,815</b>	22,442

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### 7. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Current tax – Singapore Corporate Income Tax ("CIT")	<b>16,400</b>	(15,700)	<b>(20,300)</b>	94,600

Singapore CIT is calculated at 17% of the estimated assessable profit. 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.

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 three months and nine months ended 30 September 2022.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### 7. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Profit before tax	1,887,545	96,151	2,359,771	697,422
Tax at Singapore CIT of 17%	320,883	16,346	401,161	118,562
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(8,742)	–	(12,029)	–
Tax effect of expenses not deductible for tax purpose	13,754	177	176,007	64,226
Tax effect of income not taxable	(309,498)	(30,120)	(585,516)	(81,255)
Others	3	(2,103)	77	(6,933)
Income tax (credit) expense for the period	16,400	(15,700)	(20,300)	94,600

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### 8. EARNINGS PER SHARE

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Earnings attributable to the owners of the Company	1,871,145	111,851	2,380,071	602,822
Weighted average number of ordinary shares in issue	236,800,000	224,000,000	232,064,469	174,769,231
Basic and diluted earnings per share (S\$ cents)	0.790	0.050	1.026	0.345

On 12 April 2022, an aggregate of 12,800,000 shares have been allotted and issued by the Company upon exercise of 12,800,000 share options under the share option scheme of the Company. The aggregate nominal value of the issued shares was HK\$400,000 and the total consideration received by the Company was HK\$5,760,000.

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding for the period ended 30 September 2022. The effect of the exercise of share options was not included in the calculation of diluted earnings per share as they are anti-dilutive during the period ended 30 September 2022.

### 9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (2021: Nil).

### 10. RELATED PARTY DISCLOSURES

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### 10. RELATED PARTY DISCLOSURES (CONTINUED)

#### Compensation of key management personnel

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Short-term benefits	41,800	41,800	127,900	130,400
Post-employment benefits	3,060	3,060	9,605	10,030
	<b>44,860</b>	<b>44,860</b>	<b>137,505</b>	<b>140,430</b>

The remuneration of executive directors of the Group is determined by having regard to their qualifications, experience and duties and responsibilities with the Company and the prevailing market conditions.

### 11. RESERVES

The movement of reserves are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
<b>Currency translation reserve</b>				
Foreign currency translation	63,127	(11,153)	51,635	(34,473)

## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL

During the nine months ended 30 September 2022, the Group was principally engaged in the design, fabrication, installation and maintenance of signage and related products and provision of fitting-out and renovation services for commercial premises and residential developments.

### FINANCIAL REVIEW

For the nine months ended 30 September 2022, the Group recorded a revenue of approximately S\$26,112,000 (2021: S\$13,461,000) and profit of approximately S\$2,380,000 (2021: S\$603,000).

Revenue had increased by approximately 94% or S\$12,651,000. The gross profit and gross profit margin for the nine months ended 30 September 2022 was approximately S\$3,990,000 (2021: S\$1,924,000) and approximately 15.3% (2021: 14.3%) respectively. Increase of revenue is mainly due to the revenue generated for the fitting-out and renovation services business during the nine months ended 30 September 2022 offset with decline of the demand in construction sector activities and fierce competition in the market of Singapore.

Other income for the nine months ended 30 September 2022 included government grants of approximately S\$94,000 which is mainly in respect of COVID-19 related subsidies. The Group also recorded approximately S\$158,000 interest income which was mainly arise from loan receivables.

Other gains and losses for the nine months ended 30 September 2022 included approximately S\$581,000 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 nine months ended 30 September 2022 was approximately S\$2,450,000 (2021: S\$1,881,000) representing an increase of approximately S\$569,000 or 30.2% mainly due to share-based payment expenses of approximately S\$807,000, offset with lesser advertisement expenses and legal and professional fees incurred.

The Group recorded a profit before tax for the nine months ended 30 September 2022 of approximately S\$2,360,000, compared to S\$697,000 for the corresponding period in 2021.

Profit for the nine months ended 30 September 2022 was approximately S\$2,380,000, compared to S\$603,000 for the corresponding period in 2021.

## **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\$5,328,000 and S\$5,996,000 for the nine months period ended 30 September 2022 and 2021 respectively. The revenue has decreased by approximately S\$668,000 mainly due to decline of the demand in construction sector activities and fierce competition in the market of Singapore.

Revenue from the business of provision of fitting-out and renovation services for commercial premises and residential developments was amounted to approximately S\$20,783,000 and S\$7,465,000 for the nine months period ended 30 September 2022 and 2021 respectively. 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. The revenue increased by approximately S\$13,318,000 mainly due to higher number of projects undertaken during the nine months ended 30 September 2022.

## PROSPECTS

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 deploy more resources to the business of provision of fitting-out and renovation services to meet the capital requirement for expansion and operation of the business. 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.

## EMPLOYEE INFORMATION

As at 30 September 2022, the Group had an aggregate of 81 (2021: 68) 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\$2,912,000 for the nine months ended 30 September 2022 (2021: approximately S\$2,079,000).

## EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 September 2022.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2022, 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

<u>Name of Directors</u>	<u>Nature of interest</u>	<u>Number of shares held</u>	<u>Approximate percentage of issued share capital</u>
<b>Executive Directors:</b>			
Tan Thiam Kiat Kelvin	Interest of controlled company <sup>(1)</sup>	39,337,600	16.61%
Kong Weishan	Beneficial owner	1,280,000	0.54%
<b>Independent non-executive Directors:</b>			
Lau Muk Kan	Beneficial owner	1,280,000	0.54%
Lock Kiu Yin	Beneficial owner	1,280,000	0.54%
Xiao Laiwen	Beneficial owner	1,280,000	0.54%

Note:

- (1) The entire issued share capital of Absolute Truth Investments Limited is beneficially owned by Mr. Tan Thiam Kiat Kelvin.

Save as disclosed above, as at 30 September 2022, none of the Directors and chief executive of the Company had any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2022, the following substantial shareholders' and other persons' interest and short positions of 5% or more of the issued share capital of the Company were recorded in the register required to be kept under section 336 of Part XV of the SFO:

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

<b>Name of substantial shareholders</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Approximate percentage of the issued share capital</b>
Absolute Truth Investments Limited	Beneficial owner	39,337,600	16.61%

Note:

- (1) The entire issued share capital of Absolute Truth Investments Limited is beneficially owned by Mr. Tan Thiam Kiat Kelvin.

Save as disclosed above, as at 30 September 2022, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company, whose interests are disclosed above) who had an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange.

## COMPETING BUSINESS

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 nine months ended 30 September 2022.

## SHARE OPTION

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). On 4 April 2022, the Company received exercise notices from the relevant option holders of a total of 12,800,000 outstanding share options. On 12 April 2022, an aggregate of 12,800,000 shares have been allotted and issued by the Company upon exercise of 12,800,000 share options. The aggregate nominal value of the issued shares was HK\$400,000 and the total consideration received by the Company was HK\$5,760,000. The weighted average closing price of the Company's shares immediately before the date on which the options were exercised (i.e. 1 April 2022) was HK\$0.495.

On 7 April 2022, the Company granted a total of 22,400,000 share options to employees of the Group under the Share Option Scheme at an exercise price of HK\$0.50 per share with a validity period of two years from 7 April 2022 to 6 April 2024 (both days inclusive). The closing price of the Company's shares immediately before the date of grant is HK\$0.50. The share options was immediately vested when it grant. There was no market vesting condition or non-market performance condition associated with the options granted. The estimated fair values of the options granted on 7 April 2022 was S\$806,534, which have been charged as share-based payment expenses to profit or loss for the nine months ended 30 September 2022. The fair values were calculated using the binomial model. The measurement date was 7 April 2022. The inputs into the model were as follows:

Exercise price	HK\$0.50
Expected volatility	102.18%
Expected life	2 years
Risk-free rate	1.97%
Expected dividend yield	0%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The assumptions used in computing the fair value of the share options are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Saved as disclosed above, no share options was granted, exercised, lapsed or cancelled under the Share Option Scheme during the nine months ended 30 September 2022. As at 1 January 2022, there were 12,800,000 outstanding share options. As at 30 September 2022, there were 22,400,000 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 nine months ended 30 September 2022.

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

The Board strives to uphold the principles of corporate governance as set out in the Corporate Governance Code in part 2 of Appendix 15 to the GEM Listing Rules (the "CG Code"), and adopted various measures to enhance the internal control system, the Directors' continuous professional development and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create values and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

In the opinion of the Directors, the Company has complied with the CG Code for the nine months ended 30 September 2022.

## **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 made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code for the nine months ended 30 September 2022.

## AUDIT COMMITTEE

The Company established an audit committee on 23 June 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three independent non-executive Directors namely Mr. Lock Kiu Yin, Mr. 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 audit committee has reviewed the Group's unaudited condensed consolidated results for the nine months ended 30 September 2022 and this report and is of the opinion that such results and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

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

Singapore, 9 November 2022

*As at the date of this report, the Board comprises two executive Directors, namely, Mr. Tan Thiam Kiat Kelvin (Chairman) and Ms. Kong Weishan; and three independent non-executive Directors, namely, Mr. Lau Muk Kan, Mr. Xiao Laiwen and Mr. Lock Kiu Yin.*