KPM HOLDING LIMITED
吉輝控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

Annual Report 2015

* For identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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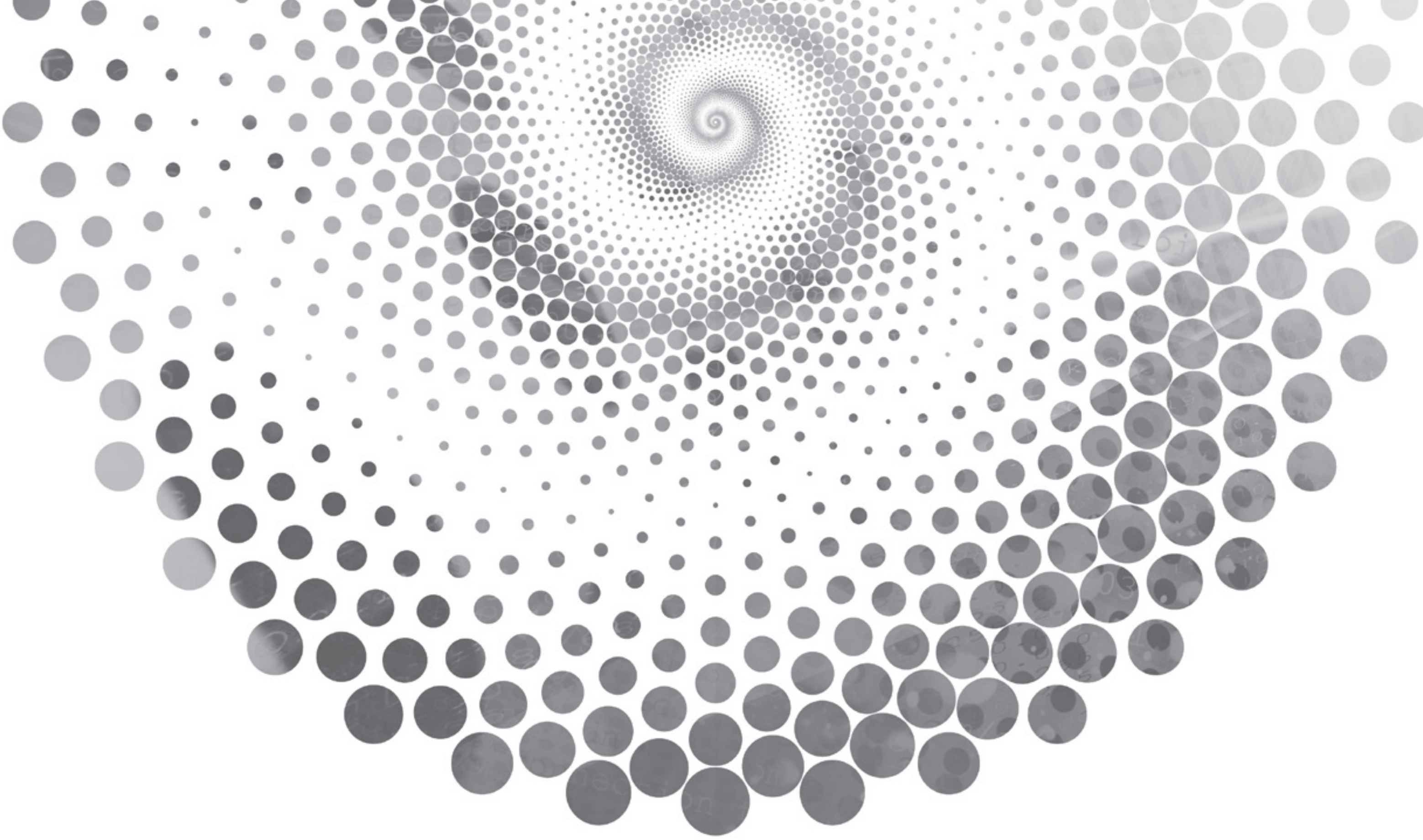
This report, for which the directors (the "Directors") of KPM Holding Limited (the "Company") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") 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 report 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 report misleading; (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tan Thiam Kiat Kelvin *(Chairman)*
Mr. Tan Kwang Hwee Peter
Ms. Liu Qian (Appointed on 12 February 2016)

Independent non-executive Directors

Mr. Oh Eng Bin (Hu Rongming)
Mr. Tan Kiang Hua
Mdm Kow Yuen-Ting (Gao Yun Ting)

AUDIT COMMITTEE MEMBERS

Mdm Kow Yuen-Ting (Gao Yun Ting)
(Chairman of audit committee)
Mr. Oh Eng Bin (Hu Rongming)
Mr. Tan Kiang Hua

NOMINATION COMMITTEE MEMBERS

Mr. Oh Eng Bin (Hu Rongming)
(Chairman of nomination committee)
Mr. Tan Kiang Hua
Mdm Kow Yuen-Ting (Gao Yun Ting)

REMUNERATION COMMITTEE MEMBERS

Mr. Tan Kiang Hua
(Chairman of remuneration committee)
Mr. Oh Eng Bin (Hu Rongming)
Mdm Kow Yuen-Ting (Gao Yun Ting)

COMPLIANCE OFFICER

Mr. Tan Thiam Kiat Kelvin

COMPANY SECRETARIES

Mr. Li Chi Chung
Ms. Wong Tsz Yan Pinky
(Appointed on 11 March 2016)

AUTHORISED REPRESENTATIVES

Mr. Tan Thiam Kiat Kelvin
Mr. Li Chi Chung

COMPLIANCE ADVISER

Grand Vinco Capital Limited
Units 4909–4910, 49/F, The Center
99 Queen's Road Central
Hong Kong

AUDITOR

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way, OUE Downtown 2
#33–00
Singapore 068809

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

424 Tagore Industrial Avenue
Sindo Industrial Estate
Singapore 787807

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP 622)

19th Floor, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
A18/F., Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong
(which will be relocated to Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong with effect from 5 April 2016)

PRINCIPAL BANKER

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

COMPANY'S WEBSITE

www.kpmholding.com

STOCK CODE

8027

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of KPM Holding Limited (the "Company"), I am pleased to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015.

PERFORMANCE

For the year ended 31 December 2015, the Group recorded a 3.9% decrease in revenue from S$11,850,000 in 2014 to S$11,384,000 in 2015. Gross profit and profit after tax of the Group were S$5,239,000 (2014: S$5,543,000) and S$170,000 (2014: S$2,565,000) respectively.

Decrease in revenue was primarily attributable to lower revenue of S$1,118,000 from the private sector which was partly offset by higher revenue of S$652,000 from the public sector due to revenue generated from several high value public sector contracts. The gross profit margin decreased slightly from 46.8% for the year ended 31 December 2014 to 46.0% for the year ended 31 December 2015. Profit after tax was mainly affected by listing expenses of S$2,435,000, and excluding the listing expenses, the profit before tax margin for the Group would be 25.9% (2014: 23.9%).

LISTING ON GEM OF THE STOCK EXCHANGE

This financial year was very meaningful for the development of the Group as we were successfully listed on GEM on 10 July 2015 (the "Listing Date"), representing a major milestone for the Group.

LATEST DEVELOPMENT

On 12 February 2016, Ms Liu Qian was appointed as Director, Business Development of the Group and as an executive Director. This is to identify growth opportunities in Hong Kong and the PRC. The Group will also continue to focus on our core competency in sales of signage and related products in Singapore.

OUTLOOK

According to the release by Ministry of Trade and Industry of Singapore on 24 February 2016, the Singapore economy expanded by 2.0% in 2015, slower than the 3.3% in 2014. Growth in the construction sector moderated to 2.5%, from 3.5% in 2014, primarily due to a lower volume of private industrial and residential building activities. The Singapore economic growth forecast for 2016 is between 1.0% and 3.0%.

The construction output in 2015 was approximately S$35 billion, contributing 4.7% of Singapore GDP in 2015. According to the release by Building and Construction Authority of Singapore on 15 January 2016, the total construction output in 2016 was expected to moderate to between S$32 billion and S$34 billion, partly due to the lower construction demand in 2015. Construction demand in 2016 was expected to be around S$27 billion to S$34 billion, with public sector's contribution being the highest since 2002 of about S$18.5 billion to S$21.5 billion. This higher construction demand in the public sector is largely driven by civil engineering demand, with key projects such as the ramp-up in the Home Improvement Programme for HDB flats, the construction of the new National Cancer Centre, 2 new State Courts' buildings at Havelock Square, JTC's Integrated Logistics Hub, PUB's water reclamation and sewerage projects, Changi Airport's 3-runway system (package 2), improvement

CHAIRMAN'S STATEMENT

works to the Kranji Expressway and Pan-Island Expressway, and the remaining contracts for the Thomson-East Coast MRT line. It is expected that the Group will benefit from the civil engineering demand, in particular those relating to road infrastructure, amidst a challenging economic and construction industry environment.

APPRECIATION

On behalf of the Board, I would express my sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to our shareholders and business partners for the continued support.

Tan Thiam Kiat Kelvin
Chairman and Executive Director
Singapore,
22 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2015, the Group recorded revenue of approximately S$11,384,000 (2014: approximately S$11,850,000) and profit of S$170,000 (2014 profit of: approximately S$2,565,000).

Revenue had decreased by 3.9% attributable to lower revenue by S$1,118,000 from the private sector. This was partly offset by higher public sector revenue by S$652,000 due to several high value contracts recognised during the year period.

The gross profit for the year ended 31 December 2015 was approximately S$5,239,000 (2014: approximately S$5,543,000). The lower gross profit by S$304,000 was due to higher cost of materials and rental overheads.

Other gains and losses included approximately S$332,000 relating to unrealised foreign exchange gain for the bank and cash balances which is denominated in Hong Kong Dollars.

Selling and administrative expenses for the year ended 31 December 2015 was approximately S$2,667,000, (2014: approximately S$2,638,000) representing an increase of S$29,000 or 1.1% mainly due to higher expenses incurred for professional fees and upkeep of equipment and vehicles. This is partially offset by lower rental of vehicles and commission expenses.

Other expenses for the year ended 31 December 2015 included approximately S$2,435,000 listing expenses.

The Group recorded a profit before tax for the year ended 31 December 2015 of approximately S$518,000 (2014: profit of approximately S$2,828,000), representing a decrease of S$2,310,000 as compared with the corresponding period of last year. This was mainly due to the listing expenses incurred of S$2,435,000, lower gross profit of S$304,000 and higher selling and administrative expenses of S$29,000. However, the Group has recognised higher other gains due to higher foreign exchange gain. Excluding the one-off listing expenses, the profit before tax for the year ended 31 December 2015 would have been S$2,953,000, representing an increase of S$125,000 or 4.4%.

Profit for the year ended 31 December 2015 was approximately S$170,000, representing a decrease of S$2,395,000 as compared with profit of approximately S$2,565,000 for the corresponding period in 2014.

Liquidity and Financial Resources

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

MANAGEMENT DISCUSSION AND ANALYSIS

For the period under review, the Group raised net proceeds from issuance of share capital of approximately S$7,746,000. The net cash used in operating activities of approximately S$1,822,000 included the listing expenses paid of approximately S$2,435,000.

The Group had repaid the bills payable of approximately S$910,000 outstanding as at 31 December 2014. As at 31 December 2015, the Group's borrowings comprised the obligations under finance lease of approximately S$210,000 (31 December 2014: approximately S$247,000).

At 31 December 2015, the Group had cash and cash equivalents of approximately S$9,839,000 (31 December 2014: approximately S$5,087,000) which were placed with major banks in Singapore and Hong Kong.

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of the Group. However, the Group retains the proceeds from Placement in Hong Kong Dollars which contributed to an unrealised foreign exchange gain of approximately S$332,000 as Hong Kong Dollars appreciated against the Singapore Dollars.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, nor were there any material acquisitions and disposals of subsidiaries during the period under review. There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this report.

Charges on Group's Assets

The Group has total present value of lease obligations under finance lease, which are secured by the relevant leased motor vehicles amounting to approximately S$233,000.

Contingent Liabilities

As at 31 December 2015, the guarantees in respect of performance bonds in favor of our customers was approximately S$144,000, which is secured by pledged bank deposits.

Capital Commitments

As at 31 December 2015, the Group did not have any capital commitment.

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison of Business Objectives with Actual Business Progress

The business objectives as set out in the prospectus of the Company dated 30 June 2015 (the "Prospectus") for the period from 10 July 2015 (the "Listing Date") to 31 December 2015 is set out below:

Business objectives	**Planned expenses (as stated in prospectus) in respect of business objectives From the Listing Date to 31 December 2015** 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	0.3
Expansion via new companies or acquisitions	—
Expansion and enhancement of work force to support our business expansion in the existing sector and non-road infrastructure related projects	0.2
Working capital and other general corporate purposes	—
Total	0.5

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

Use of Proceeds from the Placing of Shares

The Company was successfully listed on GEM on the Listing Date by way of the placing of 80,000,000 new shares and 20,000,000 sale shares in the Company at the placing price of HK$0.50 each (the "Placing") and the net proceeds raised from the Placing were about HK$21.7 million (approximately S$3.81 million) after deducting the listing-related expenses.

In line with that disclosed in the Prospectus, the Company intends to apply the net proceeds raised from the Placing as to:

(i) approximately 35% of the net proceeds or approximately HK$8.2 million for the purchase of materials and/or equipment in relation to expansion of existing sector and target and secure more non-road infrastructure related projects;

(ii) approximately 35% of the net proceeds or approximately HK$8.2 million via new companies;

(iii) approximately 20% of the net proceeds or approximately HK$4.7 million for the expansion and enhancement of work force to support our business expansion in the existing sector and non-road infrastructure related projects; and

MANAGEMENT DISCUSSION AND ANALYSIS

(iv) approximately 10% of the net proceeds or approximately HK$2.3 million for working capital and other general corporate purpose.

As at 31 December 2015, the Company has not yet utilised the net proceeds of approximately HK$21.7 million raised from the Placing in accordance with the intended use of proceeds set out in the Prospectus.

As at the date of this annual report, the Directors do not anticipate any change to the plan as to the use of proceeds.

Employee Information

As at 31 December 2015, the Group had an aggregate of 72 (2014: 67) 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$2,688,000 for the year ended 31 December 2015 (year ended 31 December 2014: approximately S$2,239,000).

BUSINESS REVIEW

Revenue comprised of revenue from the sales of signage and related products in both the public and private sectors in Singapore, which amounted to approximately S$11,384,000 and S$11,850,000 for the year ended 31 December 2015 and 2014, respectively.

Public sector includes road signage, signage and related products for education institutions, public housing flats/compounds, defence compound, airport and national parks, amongst others.

Private sector includes signage and related products for commercial buildings, industrial buildings, private residential buildings, hospital and fast food chains.

During the current financial year, the business revenue and net profit was approximately S$11,384,000 and S$170,000 respectively. The public sector revenue has increased by S$652,000 mainly due to the contribution of 2 significant contracts which only commenced around mid 2014. However, the revenue for private sector is lower due to the absence of major contracts in the first nine months of 2015. The contracts and orders on hand are mainly for the public sector during the current year.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Tan Thiam Kiat Kelvin (陳添吉), age 43, co-founder of the Group, Executive Director and Chairman of the Board. He was first appointed as the Director on 10 March 2015. Mr. Tan Thiam Kiat Kelvin is also the director of Signmechanic Singapore, appointed on 1 December 1997. Mr. Tan Thiam Kiat Kelvin is responsible for the Group's overall management, strategic planning and business development. He has more than 15 years of experience in the signage industry.

Mr. Tan Thiam Kiat Kelvin started his career as a project team member in a company whose principal business was in signage related works. Signmechanic Singapore was acquired by Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter (who was an ex-colleague in that company) years after.

Since 1997, Mr. Tan Thiam Kiat Kelvin has been involved in Signmechanic Singapore, focusing on the growth of the business. Mr. Tan Thiam Kiat Kelvin is involved in overall management, strategic planning and business development, and maintains relationships with key customers in the public infrastructure sector.

Mr. Tan Thiam Kiat Kelvin graduated with a diploma in electronic engineering from Ngee Ann Polytechnic, Singapore in August 1992.

Mr. Tan Kwang Hwee Peter (陳光輝), age 48, co-founder of the Group. Executive Director and chief executive officer of the Group. He was first appointed as the Director on 10 March 2015. Mr. Tan Kwang Hwee Peter is also the director of Signmechanic Singapore, appointed on 1 December 1997. Mr. Tan Kwang Hwee Peter is responsible for leading the Group's operational departments and providing guidance and management experience in project management and contract negotiation. He has more than 15 years of experience in the signage industry.

Mr. Tan Kwang Hwee Peter started his career in the Singapore Air Force in 1987 as a technician. For his next job, he worked as a project coordinator in the company (where Mr. Tan Thiam Kiat Kelvin was also employed in) whose principal business was in signage related works. Signmechanic Singapore was acquired by him and Mr. Tan Thiam Kiat Kelvin years after.

Since 1997, Mr. Tan Kwang Hwee Peter has been involved in Signmechanic Singapore, focusing on the growth of the business. Mr. Tan Kwang Hwee Peter leads the operational departments and provides guidance and management experience in project management and contract negotiation. He also maintains relationships with customers in all non-public infrastructure contracts.

Mr. Tan Kwang Hwee Peter graduated with a diploma in mechanical engineering from Ngee Ann Polytechnic, Singapore in August 1987. He also obtained a graduate diploma in sales and marketing management from Temasek Polytechnic, Singapore in February 1993.

Ms. Liu Qian (劉倩), age 30, has been appointed as Director, Business Development of the Group and as an executive Director on 12 February 2016. She is responsible for investor relations and identifying growth opportunity in Hong Kong and the People's Republic of China (the "PRC").

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Ms. Liu graduated from Jilin University of Finance and Economics (吉林財經大學) with bachelor's degrees in law and management (specialising in study of international accounting). She further obtained her master's degree in professional accounting from Central Queensland University and master's degree in Commerce from The University of Sydney respectively in 2011. Ms. Liu had worked in the asset management industry since 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Oh Eng Bin (Hu Rongming) (胡榮明), age 42, was appointed as an independent non-executive Director on 23 June 2015. He is currently the chairman of the nomination committee and a member of the audit and remuneration committees. Mr. Oh is a partner in Rodyk & Davidson LLP's Corporate Practice Group and a partner in the firm's China Practice and Indonesia Practice. He has been in legal practice since 1999. Mr. Oh practises mainly in the areas of corporate finance and mergers and acquisitions, with a focus on equity capital markets transactions involving initial public offerings and reverse takeovers of Singapore and foreign companies, as well as secondary capital market issues including secondary listings, secondary post-listing fund raising and post-listing advisory and compliance. Mr. Oh also advises on capital markets licensing and compliance, and on a wide range of general corporate advisory work for both public listed and private companies including private equity investments, joint ventures, corporate restructurings, debt restructuring and franchising.

Mr. Oh graduated with a Bachelor of Law degree (Honours) from the National University of Singapore in June 1998 and is admitted to the Singapore Bar. Mr. Oh is an independent non-executive director of SHS Holdings Limited and Weiye Holding Limited, both companies are listed on the Mainboard of the Singapore Stock Exchange.

Mr. Tan Kiang Hua (陳建華), age 55, was appointed as an independent non-executive Director on 23 June 2015. He is currently the chairman of the remuneration committee and a member of the audit and nomination committees.

Mr. Tan graduated from the National University of Singapore with a Bachelor of Business Administration degree in June 1984. Mr. Tan has more than 25 years of experience in accounting, finance, investment and business management.

Mdm. Kow Yuen-Ting (Gao Yun Ting) (郜韵婷), age 38, was appointed as an independent non-executive Director on 23 June 2015. She is currently the chairman of the audit committee and a member of the nomination and remuneration committees.

Mdm. Kow graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy degree in July 2000. She is also a chartered accountant of Singapore. Mdm. Kow has more than 10 years of experience in accounting and finance.

SENIOR MANAGEMENT

Mr. Soh Chiau Kim (蘇招金), age 36, was appointed as the general manager of the Company on March 2013. He is responsible for overall management of operations, with a focus on the execution of contracts. His roles include managing, executing and coordinating the entire contracts, in particular larger value road infrastructure projects.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

JOINT COMPANY SECRETARIES

Mr. Li Chi Chung, age 48, is the joint company secretary of the Company. He was appointed on 15 June 2015, he is an external service provider of the Company.

Mr. Li received a Bachelor of Laws degree from the University of Sheffield in 1990. He is a practising solicitor and was admitted as a solicitor in Hong Kong in 1993 and Mr. Li has taken no less than 15 hours of relevant professional training.

Ms. Wong Tsz Yan Pinky, age 27, has been appointed as the joint company secretary of the Company on 11 March 2016. She is an external service provider of the Company.

Ms. Wong is a member of the Hong Kong Institute of Certified Public Accountants. She holds a Bachelor of Administrative Studies with Honours (specialised in accounting) from the York University.

COMPLIANCE OFFICER

Mr. Tan Thiam Kiat Kelvin is an Executive Director and the compliance officer of the Company. His biographical details and professional qualifications are set out on page 11 of this report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance is a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code from the Listing Date up to the date of this report. Details of the Group's corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 14 to 21 of this report.

CODE OF CONDUCT FOR 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. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding Director's securities transactions during the year ended 31 December 2015.

BOARD OF DIRECTORS

The Company is governed by the board of Directors which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this report, the Board comprises six Directors of which three are executive Directors and three are independent non-executive Directors.

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively and acting in the interests of the Company and its shareholders at all times.

The Group will continue to update the Directors on the latest developments regarding the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

The Board's present composition is as follows:

Executive Directors:

Mr. Tan Thiam Kiat Kelvin *(Chairman)*
Mr. Tan Kwang Hwee Peter *(Chief Executive Officer)*
Ms. Liu Qian (Appointed on 12 February 2016)

CORPORATE GOVERNANCE REPORT

Independent non-executive Directors:

Mr. Oh Eng Bin (Hu Rongming)
Mr. Tan Kiang Hua
Mdm. Kow Yuen-Ting (Gao Yun Ting)

DIRECTORS' ATTENDANCE AT BOARD MEETING

From the Listing Date (10 July 2015) up to the date of this report, the Board held 4 board meetings and the attendance of each director is set out as follows:

Directors	Number of attendance
Mr. Tan Thiam Kiat Kelvin	4/4
Mr. Tan Kwang Hwee Peter	4/4
Mr. Oh Eng Bin (Hu Rongming)	4/4
Mr. Tan Kiang Hua	4/4
Mdm. Kow Yuen-Ting (Gao Yun Ting)	4/4
Ms. Liu Qian (Appointed on 12 February 2016)	1/1

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company with an initial term of three years subject to provisions contained therein. The non-executive Director has signed a letter of appointment with the Company with an initial term of two years commencing from 10 July 2015. In compliance with the code provision in A.4.2 of the Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. By virtue of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance with financial and other regulatory requirements. In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

DIRECTORS' PARTICIPATION IN CONTINUOUS PROFESSIONAL TRAININGS

During the year, the Directors received from the Company from time to time the updates on laws, rules and regulations which might be relevant to their roles, duties and functions as director of a listed company. All Directors have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefings and professional development to Directors will be arranged whenever necessary.

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 Mdm. Kow Yuen-Ting (Gao Yun Ting), Mr. Tan Kiang Hua and Mr. Oh Eng Bin (Hu Rongming). Mdm. Kow Yuen-Ting (Gao Yun Ting), 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.

From the Listing Date (10 July 2015) up to the date of this report, the Audit Committee held 3 meetings and the attendance of each audit committee member is set out as follows:

Audit committee members	**Number of meetings Attended/Held**
Mdm. Kow Yuen-Ting (Gao Yun Ting) *(Chairman)*	3/3
Mr. Oh Eng Bin (Hu Rongming)	3/3
Mr. Tan Kiang Hua	3/3

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 23 June 2015 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The remuneration committee consists of three Independent Non-Executive Directors namely Mr. Tan Kiang Hua, Mr. Oh Eng Bin (Hu Rongming) and Mdm. Kow Yuen-Ting (Gao Yun Ting). Mr. Tan Kiang Hua serves as the chairman of the remuneration committee.

The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

From the Listing Date (10 July 2015) up to the date of this report, the Remuneration Committee held 2 meetings and the attendance of each committee member is set out as follows:

Remuneration committee members	**Number of meetings Attended/Held**
Mr. Tan Kiang Hua *(Chairman)*	2/2
Mr. Oh Eng Bin (Hu Rongming)	2/2
Mdm. Kow Yuen-Ting (Gao Yun Ting)	2/2

NOMINATION COMMITTEE

Our Group also established a nomination committee on 23 June 2015 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules.

The nomination committee consists of three Independent Non-Executive Directors namely Mr. Oh Eng Bin (Hu Rongming), Mr. Tan Kiang Hua and Mdm. Kow Yuen-Ting (Gao Yun Ting). Mr. Oh Eng Bin (Hu Rongming) serves as the chairman of the nomination committee.

The primary function of the nomination committee is to make recommendations to the Board to fill vacancies on the same.

From the Listing Date (10 July 2015) up to the date of this report, the Nomination Committee held 2 meetings and the attendance of each committee member is set out as follows.

Nomination committee members	**Number of meetings Attended/Held**
Mr. Oh Eng Bin (Hu Rongming) *(Chairman)*	2/2
Mr. Tan Kiang Hua	2/2
Mdm. Kow Yuen-Ting (Gao Yun Ting)	2/2

CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2015, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors regarding their financial reporting are set out in the independent auditor's report contained in this annual report for the year ended 31 December 2015.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's external auditor, Deloitte & Touche LLP, for the year ended 31 December 2015, is set out as follows:

	Fees paid/ payable S$
Annual audit services (inclusive of $90,000 in respect of prior year audit services)	220,000
Limited review services	70,000
Professional services in connection with the Listing of the Company	58,900
Tax services	5,000
Total:	133,900

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work.

INTERNAL CONTROLS

The Board conducts regular review and evaluation of the ongoing effectiveness and adequacy of the Group's internal control system covering all controls matters, including financial, operational, compliance and risk management controls. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of Shareholders and the Group's assets.

JOINT COMPANY SECRETARIES

Mr. Li Chi Chung is the joint company secretary of the Company as appointed pursuant to Rule 5.14 of the GEM Listing Rules. Mr. Li received a Bachelor of Laws degree from the University of Sheffield in 1990. He is a practising solicitor and was admitted as a solicitor in Hong Kong in 1993.

Ms. Wong Tsz Yan Pinky has been appointed as the joint company secretary of the Company on 11 March 2016 pursuant to Rule 5.14 of the GEM Listing Rules. Ms. Wong is a member of the Hong Kong Institute of Certified Public Accountants. She holds a Bachelor of Administrative Studies with Honours (specialised in accounting) from the York University.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

The general meetings of the Group provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Any one or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the joint company secretaries of the Company at the Company's principal place of business at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Joint company secretaries of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified not in order, the Shareholders will be advised of this outcome accordingly, and an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a of the failure of the Board shall be reimbursed by the Group to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

(a) At least 14 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes an ordinary resolution; or

(b) At least 21 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes a special resolution.

CORPORATE GOVERNANCE REPORT

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the joint company secretaries.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Company's Articles of Association, no person other than a director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

CONSTITUTIONAL DOCUMENTS

During the period from the Listing Date to the date of this report, there had been no significant change in the Company's constitutional documents. The Articles of Association of the Company are available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company to formulate investor relations policies is to let investors have access to the information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to write to the Company or send their inquiries to the Company's website www.kpmholding.com to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

The management provides such explanation and information to the Board and reports to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. As at the date of this report, the Board was not aware of any material uncertainties relating to any events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the section headed "Independent Auditor's Report" of this report.

REPORT OF THE DIRECTORS

The Board of Directors of the Company is pleased to present their first report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

GROUP RE-ORGANISATION

The Group was formed after a Group Reorganisation for the purpose of the listing as disclosed in note 1 to the consolidated financial statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements in this report. The business of the Group is principally engaged in the design, fabrication, installation and maintenance of signage and related products.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 December 2015 is set out in the consolidated statement of profit or loss and other comprehensive income on page 32 of this report and the financial position of the Group as at 31 December 2015 are set out in the consolidated statement of financial position on page 33 of this report. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past three years ended 31 December 2015 is set out on page 80 of this report. This summary does not form part of the audited financial statements.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 December 2015, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings except as disclosed in note 33 to the consolidated financial statements.

KEY RISKS AND UNCERTAINTIES

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in our businesses and operations as efficiently and effectively as possible. The Board delegates some of this responsibility to various operational departments. The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties. The Group adopts risk management policies, measures and monitoring systems to pre-empt and contain exposures associated with the identified risks.

Liquidity risk

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.

REPORT OF THE DIRECTORS

As such, the Group actively manages our customers' credit limits, aging, and repayment of retention monies and monitors the operating cash flows to ensure adequate working capital funds and repayment schedule is met.

Foreign Exchange Exposure

The Group mainly operates in Singapore but the Group has retained the proceeds from Placement in Hong Kong Dollar, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong Dollar against Singapore Dollars. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary.

GOING CONCERN

Based on the current financial position and financing facilities available, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the consolidated financial statements were prepared on a "going concern" basis.

PLANT AND EQUIPMENT

Details of movements in the Group's plant and equipment during the year ended 31 December 2015 are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

As at 31 December 2015, the Group did not have any bank borrowings except for the obligations under finance leases as set out in note 24 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2015 are set out in note 28 to the consolidated financial statements in this report.

USE OF PROCEEDS FROM THE PLACING OF SHARES

As at 31 December 2015, the Company has not yet utilised the net proceeds of approximately HK$21.7 million (approximately S$3.81 million) raised from the Placing in accordance with the intended use of proceeds set out in the Prospectus. Details of the intended uses and utilised amount are set out on page 9 of this report.

RESERVES

Details of change in reserves of the Group and the Company are set out on page 34 of the consolidated statement of changes in equity and page 79 of this report.

DISTRIBUTABLE RESERVES

The Company did not have distributable reserve as at 31 December 2015, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as it has accumulated losses.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2015, the Group did not made charitable contributions.

REPORT OF THE DIRECTORS

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2015 and up to the date of this report except as disclosed in note 35 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2015, sales to the Group's five largest customers accounted for approximately 43.2% of total sales and sales to the largest customer included therein amounted to approximately 20.7% of total sales. The Group's five largest suppliers accounted for approximately 49.7% of total purchases during the year ended 31 December 2015 and purchases from the largest supplier included therein amounted to approximately 21% of total purchases.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the year ended 31 December 2015.

ENVIRONMENTAL POLICY

Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group encourages environmental protection and promote awareness towards environmental protection to the employees. Our Group adheres to the principle of recycling and reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

Our Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of our Group's businesses to move towards adhering the 3Rs — Reduce, Recycle and Reuse and enhance environmental sustainability.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus our Group provides competitive remuneration package to attract and motivate the employees. Our Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

REPORT OF THE DIRECTORS

Our Group also understands that it is important to maintain good relationship with our business partners, suppliers and customers to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shares business update with them when appropriate. During the Year, there was no material and significant dispute between our Group and its business partners, suppliers and customers.

DIRECTORS

The Directors during the year ended 31 December 2015 and up to the date of this report were:

Executive Directors

Mr. Tan Thiam Kiat Kelvin *(Chairman)*
Mr. Tan Kwang Hwee Peter
Ms. Liu Qian — Appointed on 12 February 2016

Independent non-executive Directors

Mr Oh Eng Bin (Hu Rongming)
Mr Tan Kiang Hua
Mdm Kow Yuen-Ting (Gao Yun Ting)

One-third of the Directors shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Company's Articles of Association, providing that every Director shall be retired at least once every three years.

DIRECTORS' SERVICE CONTRACTS

During the year ended 31 December 2015, the Executive Directors, Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter have service contracts with the Company for a fixed term of 3 years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing sent by either party or the other.

Ms. Liu Qian, the executive director, has entered into a letter of appointment with the Company on 12 February 2016 for a term of three years but subject to retirement and rotation at least once every three years and re-election as director pursuant to the articles of an election of the Company. The appointment can be terminated by not less than three months' notice writing sent by either party or the other.

Each of the independent non-executive directors has entered into a letter of appointment with the Company. Each of the independent non-executive directors is appointed with an initial term of two years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REPORT OF THE DIRECTORS

REMUNERATION POLICY

The Directors' fees are subject to shareholders' approval at general meetings.

Other remunerations are determined by the Board with reference to the Directors' experience, responsibilities and performance of the Group.

The remuneration policy of the Group is on the basis of the qualifications and contributions of individuals to the Group.

Details of the remuneration of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in note 13 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on pages 11 to 12 of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at any time during or at the end of the year ended 31 December 2015.

As of 31 December 2015, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

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 2015.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the period from their respective appointments and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the year ended 31 December 2015.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2015, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director/ chief executive	**Nature of interest**	**Number of shares held** Shares held (in thousands)	**Approximate percentage of the issued share capital**
Executive Directors:			
Mr. Tan Thiam Kiat Kelvin	Interest of controlled company[1]	300,000	75%
Mr. Tan Kwang Hwee Peter	Interest of controlled company[1]	300,000	75%

Notes:

(1) The entire issued share capital of Absolute Truth Investment 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 Investment Limited. Details of the interest in the Company held by Absolute Truth Investment Limited are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had or was deemed to have 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 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 relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2015, the Company had been notified of the following substantial shareholder's interest and short positions being 5% or more of the issued share capital of the Company.

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

Name of substantial shareholder	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Absolute Truth Investment Limited	Beneficial owner	300,000,000	75%

Save as disclosed above, 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 the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the Listing Date to 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 14 to 21 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Island, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Grand Vinco Capital Limited, as at 31 December 2015, save for the compliance adviser agreement dated 19 July 2015 entered into between the Company and Grand Vinco Capital Limited, neither Grand Vinco Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SHARE OPTION SCHEME

There were no unissued shares of the Company or the subsidiaries under option.

REPORT OF THE DIRECTORS

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte & Touche LLP as auditor of the Company.

On behalf of the Board
Tan Thiam Kiat Kelvin
Chairman and Executive Director

Singapore, 22 March 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KPM HOLDING LIMITED
(incorporated in the Cayman Islands with limited liability)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of KPM Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 79, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of agreement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
Singapore
22 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 S$	2014 S$
Revenue	6	**11,384,339**	11,850,088
Cost of sales		**(6,144,909)**	(6,307,276)
Gross profit		**5,239,430**	5,542,812
Other income	7	**300,953**	208,193
Other gains and losses	8	**337,895**	(109,873)
Selling and administrative expenses		**(2,667,288)**	(2,638,320)
Other expenses	9	**(2,634,874)**	(63,250)
Finance costs	10	**(58,192)**	(111,351)
Profit before tax		**517,924**	2,828,211
Income tax expense	11	**(347,560)**	(262,996)
Profit for the year	12	**170,364**	2,565,215
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments			
Fair value loss on available-for-sale investments		**—**	(12,809)
Reclassification of cumulative gains from investment valuation reserve to profit or loss upon disposal of available-for-sale investments		**—**	(9,394)
Other comprehensive loss for the year		**—**	(22,203)
Total comprehensive income for the year		**170,364**	2,543,012
Earnings per share			
Basic and diluted (S$ cents)	15	**0.05**	0.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	**2015** **S$**	2014 S$
Non-current assets			
Plant and equipment	17	**583,725**	679,373
Available-for-sale investments	18	**20**	20
Total non-current assets		**583,745**	679,393
Current assets			
Inventories	19	**526,393**	615,661
Trade and other receivables	20	**3,757,569**	2,441,845
Amount due from a related party	26	**—**	44,860
Amount due from a director	27	**—**	7,006
Pledged bank deposits	21	**958,607**	586,564
Bank and cash balances	21	**9,838,862**	5,087,491
Total current assets		**15,081,431**	8,783,427
Current liabilities			
Trade payables	22	**1,044,626**	689,656
Bills payables	22	**—**	909,841
Other payables and accruals	23	**1,142,392**	1,803,726
Amounts due to related parties	26	**—**	348,193
Amounts due to directors	27	**—**	1,999
Obligations under finance leases	24	**88,371**	91,825
Income tax payable		**297,238**	448,543
Total current liabilities		**2,572,627**	4,293,783
Net current assets		**12,508,804**	4,489,644
Total assets less current liabilities		**13,092,549**	5,169,037
Non-current liabilities			
Obligations under finance leases	24	**121,853**	155,170
Deferred tax liability	25	**40,000**	—
Total non-current liabilities		**161,853**	155,170
NET ASSETS		**12,930,696**	5,013,867
Capital and reserves			
Share capital	28	**689,655**	500,000
Share premium		**12,126,905**	—
Merger reserves		**(4,570,095)**	—
Retained earnings		**4,684,231**	4,513,867
TOTAL EQUITY		**12,930,696**	5,013,867

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital S$	Share premium (Note A) S$	Merger reserves (Note B) S$	Investment revaluation reserve S$	Retained earnings S$	Total S$
At 1 January 2014	500,000	—	—	22,203	7,320,237	7,842,440
Profit for the year	—	—	—	—	2,565,215	2,565,215
Fair value loss on available-for-sale investments	—	—	—	(12,809)	—	(12,809)
Reclassification of cumulative gains from investment revaluation reserve to profit or loss upon disposal of available-for-sale investments	—	—	—	(9,394)	—	(9,394)
Total comprehensive (loss) income for the year	—	—	—	(22,203)	2,565,215	2,543,012
Dividends declared (Note 14)	—	—	—	—	(5,371,585)	(5,371,585)
At 31 December 2014	500,000	—	—	—	4,513,867	5,013,867
Profit for the year, representing total comprehensive income for the year	**—**	**—**	**—**	**—**	**170,364**	**170,364**
Share issue by Signmechanic Singapore (Note C)	**1,500,000**	**—**	**—**	**—**	**—**	**1,500,000**
Elimination of share capital pursuant to the re-organisation (Note 2)	**(2,000,000)**	**—**	**—**	**—**	**—**	**(2,000,000)**
Issue of 999,999 ordinary shares pursuant to the re-organisation (Notes 2 and 28)	**1,724**	**6,568,371**	**(4,570,095)**	**—**	**—**	**2,000,000**
Issue of 319,000,000 ordinary shares under the capitalisation issue (Note 28)	**550,000**	**(550,000)**	**—**	**—**	**—**	**—**
Share issue of 80,000,000 under placing (Note 28)	**137,931**	**6,758,620**	**—**	**—**	**—**	**6,896,551**
Share issue expense	**—**	**(650,086)**	**—**	**—**	**—**	**(650,086)**
	189,655	**12,126,905**	**(4,570,095)**	**—**	**—**	**7,746,465**
At 31 December 2015	**689,655**	**12,126,905**	**(4,570,095)**	**—**	**4,684,231**	**12,930,696**

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 (Note 2) and the total par value and share premium amount of the shares issued.

(C) Represents additional share capital issued prior to the re-organisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015	2014
	S$	S$
OPERATING ACTIVITIES		
Profit before tax	**517,924**	2,828,211
Adjustments for:		
(Gain) loss on disposal of plant and equipment	**(22,437)**	5,021
Write-off of plant and equipment	**931**	7,848
Depreciation expense of plant and equipment	**251,416**	235,367
Interest income	**(1,838)**	(496)
Finance costs	**58,192**	111,351
Bad debts recovered	**(38,948)**	—
Allowance for doubtful debts	**52,621**	106,398
Fair value gain on available-for-sale investments	**—**	(9,394)
Recovery of bad debts previously written off	**(75)**	—
Deposit written off	**1,540**	—
Foreign exchange gain	**(331,527)**	—
Operating cash flow before movements in working capital	**487,799**	3,284,306
Trade receivables and other receivables	**(1,330,861)**	11,355
Amount due from a related party	**44,860**	(20,459)
Inventories	**89,268**	(278,005)
Trade payables	**354,970**	(492,203)
Other payables and accruals	**(661,334)**	1,111,227
Amount due to related parties	**(348,193)**	139,028
Cash (used in) generated from operations	**(1,363,491)**	3,755,249
Income tax paid	**(458,865)**	(9,488)
Net cash (used in) from operating activities	**(1,822,356)**	3,745,761
INVESTING ACTIVITIES		
Repayment from (Advance to) a director	**7,006**	(7,006)
Placement of pledged bank deposits	**(372,043)**	(507,000)
Purchase of plant and equipment	**(68,263)**	(490,346)
Proceeds from disposal of plant and equipment	**15,000**	—
Proceeds from disposal of asset classified as held for sale	**—**	8,558,283
Proceeds from disposal of available-for-sale investments	**—**	256,676
Interest received	**1,838**	496
Net cash (used in) from investing activities	**(416,462)**	7,811,103

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 S$	2014 S$
FINANCING ACTIVITIES		
Issuance of share capital — net of share issue expenses	**7,746,465**	—
Repayment to directors	**(1,999)**	(820,583)
Raised in bills payables	**—**	909,841
Repayment of bills payables	**(909,841)**	(529,880)
Obligations under finance lease interest paid	**(13,886)**	(23,666)
Loan interest paid	**(19,247)**	(48,127)
Trade finance interest paid	**(25,059)**	(39,558)
Drawdown of bank loan	**1,000,000**	—
Repayment of bank loan	**(1,000,000)**	(3,283,657)
Repayment of obligations under finance lease	**(117,771)**	(80,729)
Dividends paid	**—**	(5,371,585)
Net cash from (used in) financing activities	**6,658,662**	(9,287,944)
Net increase in cash and cash equivalents	**4,419,844**	2,268,920
Effect of exchange rate changes	**331,527**	—
Cash and cash equivalents, represented by bank and cash balances at 1 January	**5,087,491**	2,818,571
Cash and cash equivalents, represented by bank and cash balances at 31 December	**9,838,862**	5,087,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 10 March 2015 and its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance") on 30 March 2015 and the principal place of business in Hong Kong registered is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group is at 424 Tagore Industrial Avenue, Sindo Industrial Estate, Singapore 787807.

The Company is a subsidiary of Absolute Truth Investment Limited, incorporated in British Virgin Island, which is also the Company's ultimate holding company.

The Company is an investment holding company and the principal activities of its operating subsidiary are engaged in the design, fabrication, installation and maintenance of signage and related products. The details of the subsidiaries are set out in Note 34.

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

The consolidated financial statements are approved by the Board of Directors of the Company on 22 March 2016.

2. GROUP RE-ORGANISATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

To effect the Group Reorganisation for the purpose of the listing of the Company's shares on Growth Enterprise Market ("GEM"), on 23 June 2015, (i) Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter (together referred to as the "Controlling Shareholders"), who were the then beneficial shareholders of Signmechanic Singapore, transferred their respective shareholdings to Sino Promise Investment Limited ("Sino Promise") in consideration of the allotment and issuance of the 999,999 ordinary shares of the Company to Absolute Truth Investments Limited ("Absolute Truth") as a nominee of the Controlling Shareholders; and (ii) crediting of the one-nil paid share registered in the name of Absolute Truth. On the same date, in consideration by the Group, nominating Sino Promise to hold the entire share capital of Signmechanic Singapore, Sino Promise allotted additional 9 new shares of Sino Promise to the Company, credited as fully paid. Upon completion of the transfer, the Company became the holding company of the Group on 23 June 2015.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the Group structure upon the completion of the Group Reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has consistently adopted IFRSs, International Accounting Standards ("IASs"), amendments and interpretations which are mandatorily effective for the Group's accounting period beginning on 1 January 2015.

At the date of this report, the following new and revised IFRSs have been issued but are not yet effective. The Group has not early applied these standards and amendments.

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[3]
Amendments to IAS 7	Disclosure Initiative[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 January 2019

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management of the Group considers that the adoption of IFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's consolidated financial statements until a detailed review has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 15 Revenue from Contracts with Customers

In 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The management of the Group has yet to perform a detailed review on the potential impacts of IFRS 15. Hence, it is not practicable to provide a reasonable estimate of the financial effect and the relevant disclosures at this juncture.

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The management of the Group does not anticipate that the application of these amendments to IAS 1 will have a material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Annual Improvements to IFRSs 2012–2014 Cycle

The Annual Improvements to IFRSs 2012–2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies as asset (of disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such as change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held for distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. same currency as the benefits are paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The management of the Group do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Except as described above, the management of the Group considers that the application of the other new and revised standards is unlikely to have a material impact on its financial position and performance as well as disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "Listing Rules") and the applicable disclosures required by the Hong Kong Companies Ordinance.

The provision of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Hong Kong Companies Ordinance or Listing Rules but not under the new Hong Kong Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except leasing transactions that are within the scope of IAS 17 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in *IAS 36 Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses, as appropriate, from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of goods including signage, bollard, variable-message signs and aluminum railings is recognised when goods are delivered to and accepted by the customers.

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements of the Group, transactions in currencies other than the functional currency of the Group (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the Group operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Retirement benefit costs

Payments made to Central Provident Fund ("CPF") in Singapore which is a defined contribution retirement plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (and tax loss) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business consolidation) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial debt instrument and of allocating interest income over the Financial Year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the finance assets, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables; (b) held-to-maturity investments; or (c) financial assets at fair value through profit or loss.

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investment are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of "investment revaluation reserve". When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from a related party and a director, pledged bank deposits and bank balances and cash) are carried at amortised cost using effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of "investment revaluation reserve".

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instrument issued by the Company is recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and bills payables, other payable and amounts due to related parties and directors are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Financial Year. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to courted the transferred asset, the Group recognises it retained interest in the asset and an osculated liability for amounts it may have to pay. If the Group retains substantially all the risks and reward of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and impairment assessment of plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss in the statement of financial position. The estimation of their useful lives is the key element for the annual depreciation expense. Plant and equipment are evaluated for any possible impairment on a specific asset basis or group of similar assets basis, as applicable. This process requires the management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the appropriate asset's carrying value would be written down to the recoverable amount and the impairment loss recognised would be charged to profit or loss. As at 31 December 2015 and 2014, the carrying amount of plant and equipment amounted to S$583,725 and S$679,373, respectively. The details of impairment on plant and equipment are set out in Note 17.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). When the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015 and 2014, the carrying amount of trade receivables of the Group amounted to S$2,860,709 and S$1,490,534, respectively, net of impairment loss recognised of S$136,867 and S$129,608 respectively. The details of allowance provided for on doubtful debts are set out in Note 20.

Estimated allowance for write-down of inventories to net realisable value

The Group makes allowance for inventories based on assessments of the net realisable values of existing inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value of certain items is lower than the cost of those items. The identification of obsolete inventories requires the use of estimation of the net realisable value of items of inventory and estimates on the conditions and usefulness of items of inventories. Where the estimated net realisable value is lower than the cost of the inventory items, an impairment may arise. As at 31 December 2015 and 2014, the carrying amount of inventories amounted to S$526,393 and S$615,661, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. REVENUE AND SEGMENT INFORMATION

The Group operates in a single segment which mainly include sale of signage, bollard, variable-message signs and aluminium railing to customers located in Singapore.

Information is reported to the Controlling Shareholders, being 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 4. 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:

	2015	2014
	S$	S$
Public	**10,214,051**	9,561,824
Private	**1,170,288**	2,288,264
	11,384,339	11,850,088

Entity-wide disclosures

Major products

Revenue represents sale of signage, bollard, variable-message signs and aluminum railing in Singapore.

No information in respect of revenues from external customers for each product and service was presented, as the necessary information is not available and the cost to develop it would be excessive in the opinion of the management of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures (continued)

Major customers

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

	Year ended 31 December	
	2015	2014
	S$	S$
Customer A	**2,357,858**	Note
Customer B	**1,094,105**	Note
Customer C	**Note**	1,431,554
Customer D	**Note**	1,347,011

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

Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue and non-current assets of the Group are generated from external customers and located in Singapore by location of customers and non-current assets, respectively.

7. OTHER INCOME

	Year ended 31 December	
	2015	2014
	S$	S$
Bank interest income	**1,838**	496
Government grants (Note)	**51,925**	78,629
Rental income under operating lease in respect of subleasing of workshop premises	**170,000**	113,508
Recovery of deposits	**28,845**	—
Others, comprising mainly insurance claims received	**48,345**	15,560
	300,953	208,193

Note: Included in the amount is S$Nil (2014: S$57,716) cash bonus and cash payout under the "Productivity and Innovation Credit Scheme" ("PIC Scheme") for the year ended 31 December 2015 and 2014, respectively. The PIC Scheme cash bonus gives businesses a dollar-for-dollar matching cash bonus for qualifying expenditure incurred during the Year of Assessment 2013 to 2015 subject to an overall cap of S$15,000 for all 3 years of assessment combined. On the other hand, the PIC Scheme cash payout allows businesses to convert up to S$100,000 of their total qualifying expenditure incurred from Year of Assessment 2013 to 2018 for each year of assessment in all 6 qualifying activities into a non-taxable cash receipt, at maximum amount of S$60,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2015	2014
	S$	S$
Allowance for doubtful debts (Note 20)	**(52,621)**	(106,398)
Bad debts recovered (Note 20)	**38,948**	—
Recovery of doubtful debts previously written off	**75**	—
Write-off of plant and equipment	**(931)**	(7,848)
Gain (Loss) on disposal of plant and equipment	**22,437**	(5,021)
Fair value gain on available-for-sale investments	**—**	9,394
Foreign exchange gain	**331,527**	—
Deposit written off	**(1,540)**	—
	337,895	(109,873)

9. OTHER EXPENSES

	Year ended 31 December	
	2015	2014
	S$	S$
Direct attributable expenses in respect of subletting workshop premises	**200,200**	63,250
Listing expenses	**2,434,674**	—
	2,634,874	63,250

10. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	S$	S$
Interests on borrowings wholly repayable within five years:		
— Bank loan	**19,247**	48,127
— Obligations under finance leases	**13,886**	23,666
— Trade financing	**25,059**	39,558
	58,192	111,351

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	S$	S$
Current tax		
— Singapore Corporate Income Tax ("CIT")	**367,000**	250,000
Over provision in prior years	**(59,440)**	—
Deferred tax (Note 25)	**40,000**	12,996
	347,560	262,996

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 30%, capped at S$30,000 for Year of Assessment 2013 to 2015 and $20,000 for year of assessment 2016. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income.

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

	Year ended 31 December	
	2015	2014
	S$	S$
Profit before tax	**517,924**	2,828,211
Tax at Singapore CIT of 17%	**88,047**	480,796
Tax effect of expenses not deductible for tax purpose	**490,795**	15,282
Tax effect of income not taxable	**(56,360)**	—
Tax effect of income under tax exemption and rebate	**(45,925)**	(55,925)
Tax effect of enhanced allowance (Note)	**(110,586)**	(179,664)
Over provision in prior years	**(59,440)**	—
Others	**41,029**	2,507
Income tax expense for the year	**347,560**	262,996

Note: Being additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the PIC scheme in Singapore for the Year of Assessment 2013 to Year of Assessment 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. PROFIT FOR THE YEAR

	Year ended 31 December	
	2015	2014
	S$	S$
Profit for the year has been arrived at after charging:		
Audit fees paid to auditors of the Company:		
— current year	**130,000**	70,000
— prior year	**90,000**	—
Non-audit fees paid to auditors of the Company (Note A)	**75,000**	—
Depreciation of plant and equipment	**251,416**	235,367
Cost of inventories recognised as expenses	**4,452,995**	5,091,029
Listing expense (Note A)	**2,434,674**	—
Directors' fee (Note 13)	**30,696**	—
Directors' and chief executive's remuneration (Note 13)	**301,207**	287,157
Other staff costs		
— salaries and other staff costs	**2,295,563**	1,811,670
— contributions to CPF	**90,903**	140,177
Total staff costs	**2,687,673**	2,239,004
Minimum lease payment under operating lease in respect staff dormitory, office and working premises	**364,000**	267,680

Note A: Included in the listing expenses are the non-audit fees of S$46,500 and S$145,425 paid to the auditors of the Company and other auditors of the Group respectively.

Included in the share issue expenses are non-audit fees of S$12,400 and S$38,780 paid to the auditors of the Company and other auditors of the Group respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the directors and the chief executive (Mr. Kelvin Tan) were as follows:

For the year ended 31 December 2015

	Executive Directors		Independent Non-Executive Directors			
	Mr. Tan Thiam Kiat Kelvin	Mr. Tan Kwang Hwee Peter	Mr. Oh Eng Bin (Hu Rongming)	Mr. Tan Kiang Hua	Mdm Kow Yuen-Ting (Gao Yun Ting)	Total
	S$	S$	S$	S$	S$	S$
Fee	—	—	10,232	10,232	10,232	30,696
Salaries and other benefits	133,607	127,200	—	—	—	260,807
Bonus*	10,000	10,000	—	—	—	20,000
Contributions to CPF	10,200	10,200	—	—	—	20,400
	153,807	147,400	10,232	10,232	10,232	331,903

For the year ended 31 December 2014

	Executive Directors		
	Mr. Tan Thiam Kiat Kelvin	Mr. Tan Kwan Hwee Peter	Total
	S$	S$	S$
Fees	—	—	—
Salaries and other benefits	120,757	127,200	247,957
Bonus*	10,000	10,000	20,000
Contributions to CPF	9,600	9,600	19,200
	140,357	146,800	287,157

* The discretionary bonus is determined having regard to the performance and market trend by the management of the Group.

The fees are for services as a director of the Company and the salaries and other benefits, bonus and Contributions to CPF are paid for services in connection as management of the subsidiary.

Neither the chief executive nor any of the directors of the Company waived any emoluments during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 2 (2014: 2) were directors of the Company during the year ended 31 December 2015 and 2014 respectively whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2014: 3) individuals were as follows:

	Year ended 31 December	
	2015	2014
	S$	S$
Salaries and other staff costs	**251,831**	224,982
Bonus*	**15,402**	22,850
Contributions to CPF	**19,225**	20,630
	286,458	268,462

* The discretionary bonus is determined having regard to the performance and market trend by the management of the Group.

Their emoluments were within the following band:

	Year ended 31 December	
	2015	2014
	No. of employees	No. of employees
Nil to HK$1,000,000	**3**	3

During the reporting period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individual of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend has been declared or paid during the year ended 31 December 2015.

During the year ended 31 December 2014, Signmechanic Singapore had declared and paid dividend to its then shareholders in total of S$5,371,585 to its shareholders on 8 November 2014 and 10 November 2014 respectively.

The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. EARNINGS PER SHARE

	Year ended 31 December	
	2015	2014
Profit attributable to the owners of the Company (S$)	**170,364**	2,565,215
Weighted average number of ordinary shares in issue	**358,356,164**	320,000,000
Basic and diluted earnings per share (S$ cents)	**0.05**	0.80

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

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the company and the weighted average number of ordinary shares in issue. The number of shares for the purpose of basic earnings per share for the year ended 31 December 2015 is based on the assumption that 320,000,000 ordinary shares of the Company are in issue and issuable, comprising an aggregate of 1,000,000 ordinary shares, 319,000,000 ordinary shares issuable upon capitalisation of share premium, as if the Group Reorganisation was effective on 1 January 2014.

16. RETIREMENT BENEFITS CONTRIBUTION

The Group's employees employed in Singapore are required to join the CPF. The Group's contributions to the CPF Scheme are made in accordance with 17% (2014: 16%) of monthly salary with the cap of S$60,000 (2014: S$60,000) per annum as prescribed by the Central Provident Fund Ordinance of Singapore.

The total cost charged to profit or loss of S$111,303 and S$159,377 for the years ended 31 December 2015 and 2014 respectively, represents contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2015 and 2014, contributions of S$27,785 and S$24,401, respectively, were due in respective years had not been paid to the plans. The amounts were paid subsequent to the end of the respective year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. PLANT AND EQUIPMENT

	Computers	Furniture and fittings	Air conditioners	Office equipment and machinery	Renovation	Motor vehicles	Total
	S$	S$	S$	S$	S$	S$	S$
COST							
At 1 January 2014	63,604	4,467	7,760	390,239	102,938	678,592	1,247,600
Additions	102,194	2,372	—	211,243	82,507	267,892	666,208
Eliminated on write-off/ disposals	(36,995)	(4,467)	(7,760)	(290,223)	(102,938)	(80,600)	(522,983)
At 31 December 2014	128,803	2,372	—	311,259	82,507	865,884	1,390,825
Additions	15,000	—	—	6,600	25,240	110,423	157,263
Eliminated on write-off/ disposals	(29,609)	—	—	(4,810)	—	(67,800)	(102,219)
At 31 December 2015	114,194	2,372	—	313,049	107,747	908,507	1,445,869
ACCUMULATED DEPRECIATION							
At 1 January 2014	(59,767)	(4,467)	(7,760)	(358,134)	(102,938)	(418,435)	(951,501)
Provided for the year	(28,644)	(474)	—	(42,791)	(16,501)	(146,957)	(235,367)
Eliminated on write-off/ disposals	36,994	4,467	7,760	282,378	102,938	40,879	475,416
At 31 December 2014	(51,417)	(474)	—	(118,547)	(16,501)	(524,513)	(711,452)
Provided for the year	(36,633)	(474)	—	(43,889)	(17,764)	(152,656)	(251,416)
Eliminated on write-off/ disposals	28,678	—	—	4,810	—	67,236	100,724
At 31 December 2015	(59,372)	(948)	—	(157,626)	(34,265)	(609,933)	(862,144)
CARRYING AMOUNTS							
At 31 December 2015	54,822	1,424	—	155,423	73,482	298,574	583,725
At 31 December 2014	77,386	1,898	—	192,712	66,006	341,371	679,373

The above items of plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Computers	3 years
Furniture and fittings	5 years
Air conditioners	5 years
Office equipment and machinery	5 years
Renovation	5 years
Motor vehicles	5 years

During the years ended 31 December 2015 and 2014, included in the additions of motor vehicles amounting to S$81,000 and S$116,100 (net of trade-in price of disposed motor vehicles amounting to S$8,000 and S$34,698), respectively, which were acquired under hire purchase arrangements. These constituted as non-cash transactions during the years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December	
	2015	2014
	S$	S$
Listed equity securities in Singapore, at fair value	**20**	20

The balance represented investment in a listed equity securities in Singapore and measured at fair value by reference to quoted prices as at year end. During the year ended 31 December 2014, one investment was disposed of, resulting in S$9,394 fair value gain (Note 8) recognised in profit or loss for the year.

19. INVENTORIES

	At 31 December	
	2015	2014
	S$	S$
Raw material	**151,151**	120,456
Work-in-progress	**331,536**	421,935
Finished goods	**43,706**	73,270
	526,393	615,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2015	2014
	S$	S$
Trade receivables	**2,997,576**	1,620,142
Less: allowance for doubtful debts	**(136,867)**	(129,608)
	2,860,709	1,490,534
Retention receivables	**374,896**	241,017
Less: allowance for doubtful debts	**(6,414)**	—
	368,482	241,017
Unbilled receivables	**60,096**	136,335
Purchase advances paid to suppliers	**36,863**	143,536
Receivables from disposals of freehold property (Note)	**200,000**	200,000
Rental and other deposits	**151,302**	147,840
Prepayments	**79,431**	36,947
Other receivables	**686**	45,636
	3,757,569	2,441,845

Note: The amount of $200,000 is withheld by a lawyer as the stakeholder is pending the finalisation of transfer of a part of related common property from the Management Corporation Strata Title to increase in the gross floor area of the disposed property. The directors are of the view that the process is administrative and is confident that the finalisation will be done in due course. In addition, the Controlling Shareholders have provided an undertaking to indemnify the Group for any loss arising from non-settlement of this amount.

For majority of customers, invoices are issued upon transferred risks and rewards of the products or upon completion of rendering services. For one particular customer, invoices would be raised in according to the schedule set out in the sales contracts (i.e. recognised as advanced billing as disclosed in Note 23) while the revenue will be recognised until goods are delivered and accepted by the counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are generally granted a credit period of 30 to 60 days from the invoice date for trade receivables to all customers. The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 31 December	
	2015	2014
	S$	S$
1–30 days	**934,725**	607,134
31–60 days	**671,082**	238,622
61–90 days	**366,565**	57,261
91–180 days	**421,899**	306,283
181–365 days	**420,784**	266,187
Over 365 days	**45,654**	15,047
	2,860,709	1,490,534

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. At each of reporting period end, unbilled receivables, all aged within 30 days from the date of revenue recognition, related to invoices issued after the financial year ended for the products delivered prior to each of year end. Retention receivables are retention monies held by customers which will be refunded upon expiry of defect liability period, generally of 1 year, in accordance with sales contracts.

The following is an aging analysis of trade receivables (net of allowance for doubtful debts) which are past due but not impaired based on the due date:

	At 31 December	
	2015	2014
	S$	S$
Overdue:		
31–60 days	**671,082**	238,622
61–90 days	**366,565**	57,261
91–180 days	**421,899**	312,283
181 days to 365 days	**420,784**	266,187
Over 365 days	**45,654**	9,047
	1,925,984	883,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

	At 31 December	
	2015	2014
	S$	S$
Trade receivable past due and fully impaired:		
61 to 90 days	**10,165**	3,167
> 90 days	**106,372**	126,441
	116,537	129,608

The Group has provided allowance for individual receivables that were considered to be impaired based on management assessment performed at each reporting period end and write off individual debtors with long overdue amounts which management assessed are unlikely to be recovered. Based on past experience, management believes that no impairment allowance is necessary in respect of remaining balances as there has not been a significant change in credit quality and the remaining balances are still considered fully recoverable. The balances of trade receivables that are neither past due nor impaired have good credit quality as assessed by the Group according to repayment history of respective customer. The Group does not hold any collateral over these balances.

Movement in the allowance on doubtful debts for trade receivables

	At 31 December	
	2015	2014
	S$	S$
At beginning of the year	**129,608**	23,210
Amounts recovered during the year	**(38,948)**	—
Allowance on doubtful debts recognised in profit or loss (Note)	**46,207**	106,398
At end of the year	**136,867**	129,608

Movement in the allowance on doubtful debts for retention receivable

	At 31 December	
	2015	2014
	S$	S$
At beginning of the year	**—**	—
Allowance on doubtful debts recognised in profit and loss (Note)	**6,414**	—
At end of year	**6,414**	—

Note: An allowance for impairment is established when there is objective evidence that the Group will not be able to collect some outstanding debts according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. As at 31 December 2015 and 2014, allowance of S$143,281 and S$129,608, respectively was provided for on debts which the counterparts were facing financial difficulties or entering into liquidation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

As at 31 December 2015 and 2014, included in pledged bank deposits are S$Nil and S$79,564, respectively representing balances held in trust for the Group by Controlling Shareholders. Pledged bank deposits have been pledged as a security for bankers guarantee issued in relation to contracts awarded to the Group and bills payables facilities (Note 22). Pledged bank deposits carry prevailing market interest rate ranging from 0.15% to 0.25% and 0.25% per annum as at 31 December 2015 and 2014, respectively.

22. TRADE PAYABLES/BILLS PAYABLES

	At 31 December	
	2015	2014
	S$	S$
Trade payables	**1,044,626**	689,656
Bills payables	**—**	909,841

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	
	2015	2014
	S$	S$
0–30 days	**289,267**	148,912
31–90 days	**358,210**	260,016
Over 90 days	**397,149**	280,728
	1,044,626	689,656

The credit period on trade payable is normally between 30 days from the purchase recognition date for the reporting period.

As at 31 December 2014, all bills payables of the Group are aged within 120 days and the bills payables are drawn down under the terms of the banking facilities granted by the banks to the Group. Bills payables carried interest at prime rate plus margin per annum, i.e. 5.75% per annum as at 31 December 2015 and 2014, and are secured by pledged bank deposits as disclosed in Note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2015	2014
	S$	S$
Advance billings to customers	**560,150**	589,458
Retention payable to suppliers	**48,910**	33,370
Goods and services tax payable	**140,012**	751,710
Accrued operating expenses	**288,556**	356,396
Accrued staff commission	**39,428**	38,899
Payable for acquisition of plant and equipment	**—**	25,064
Rental deposits received	**43,500**	—
Customer deposits received	**15,732**	—
Other payables	**6,104**	8,829
	1,142,392	1,803,726

24. OBLIGATIONS UNDER FINANCE LEASES

The Group entered into lease arrangements with independent third parties in relation to certain motor vehicles during the reporting period. The Group considered that these lease arrangements are finance lease as substantially all the risks and rewards incidental to ownership of these motor vehicles retained with the Group. The lease terms ranged from 2–7 years. Interest rates of underlying all obligations under finance leases at the date of inception is 3.0% to 6.9% and 3.8% to 7.1% per annum as at 31 December 2015 and 2014, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2015	2014	**2015**	2014
	S$	S$	**S$**	S$
Amounts payable under finance leases:				
Within one year	**97,380**	101,901	**88,371**	91,825
In more than one year but not more than two years	**127,310**	68,280	**121,853**	62,038
In more than two years but not more than five years	**—**	97,601	**—**	93,132
	224,690	267,782	**210,224**	246,995
Less: future finance charges	**(14,466)**	(20,787)	**—**	—
Present value of lease obligations	**210,224**	246,995		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(88,371)**	(91,825)
Amount due for settlement after 12 months			**121,853**	155,170

As at 31 December 2015 and 2014, the balance of obligations under finance leases are secured by the lessor's charge over the leased assets of carrying amounts of S$233,458 and S$270,337, respectively.

25. DEFERRED TAX ASSET/(LIABILITY)

Deferred tax liability arises mainly from the excess of tax over book depreciation of plant and equipment.

	S$
As at 1 January 2014	12,996
Charged to profit or loss (Note 11)	(12,996)
As at 31 December 2014	—
Charged to profit or loss (Note 11)	(40,000)
As at 31 December 2015	(40,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. AMOUNTS DUE FROM (TO) RELATED PARTIES

The amounts due from (to) related parties (details of relationship with the Group are set out in Note 32) as at 31 December 2014 are trade in nature, unsecured, non-interest bearing and repayable within 30 days credit period. There were no amounts due from (to) related parties as at 31 December 2015.

	31–90 days S$	91–180 days S$	180 days to 365 days S$	Over 365 days S$	Total S$
Amount due from a related party:					
At 31 December 2014					
C.K. Toh Construction	7,716	631	12,112	24,401	44,860

	1–30 days S$	31–90 days S$	91–180 days S$	Total S$
Amounts due to related parties:				
At 31 December 2014				
C.K. Toh Construction	(9,823)	(25,681)	(304,417)	(339,921)
Signmechanic Sdn Bhd	—	—	(6,811)	(6,811)
T3 Holdings	—	(1,461)	—	(1,461)
	(9,823)	(27,142)	(311,228)	(348,193)

27. AMOUNTS DUE FROM (TO) DIRECTORS

The amount due from a director of Signmechanic Singapore represented advance to Mr. Tan Thiam Kiat Kelvin as at 31 December 2014 and the amount is unsecured, non-interest bearing and repayable on demand. The maximum balance outstanding in respect of amount due from a director during 2014 is S$7,006.

The amounts due to directors of Signmechanic Singapore represented advances from Mr. Tan Kwang Hwee Peter, Mr. Tan Thiam Kiat Kelvin, Ms. Khoo Ai Lin and Ms. Ong Siew Mui as at 31 December 2014 and the amounts are unsecured, non-interest bearing and repayable on demand.

The amounts due from (to) directors have been settled in May 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Reorganisation in the consolidated statement of financial position, the balances as at 1 January 2014 and 31 December 2014 represented the share capital of Signmechanic Singapore as the Company was incorporated in Cayman Islands on 10 March 2015. As at the date of its incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each.

On 23 June 2015, the Controlling Shareholders transferred the entire issued share capital of Signmechanic Singapore to Sino Promise in the consideration of HK$38,106,550, which was satisfied by (i) the Company allotting and issuing 999,999 new shares of the Company to the Controlling Shareholders, credited as fully paid and (ii) the crediting of the one nil-paid share of the Company.

The Company was successfully listed on the GEM board of the Stock Exchange on 10 July 2015 by way of placing of 100,000,000 Ordinary Shares (including 20,000,000 vendor shares) at the price of HK$0.50 per Share. The net proceeds were approximately S$3.81 million.

	Number of shares	Share capital S$
Issued and fully paid of Signmechanic Singapore:		
At 1 January 2014 and 31 December 2014	**500,000**	500,000
Issued and fully paid of KPM Holding Limited:		
At date of incorporation	**1**	—
Issued during the period	**999,999**	1,724
Share issued under the capitalization issue	**319,000,000**	550,000
Share issued under the placing	**80,000,000**	137,931
At 31 December 2015	**400,000,000**	689,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes, obligations under finance leases and amounts due to directors, as disclosed in Notes 24 and 26, respectively, net of bank and cash balances and equity attributable to owners of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December	
	2015	2014
	S$	S$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**14,438,744**	7,987,283
Available-for-sale investments	**20**	20
	14,438,764	7,987,303
Financial liabilities		
Amortised cost	**1,486,856**	2,412,247

b. Financial risk management objectives and policies

The major financial instruments include trade and other receivables, amounts due from a related party and a director, pledged bank deposits, bank and cash balances, trade and bills payables, other payables, obligations under finance leases and amounts due to related parties and directors. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (foreign exchange risk, interest rate risk and other price risk), liquidity risk and credit risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risks

(i) Foreign currency risk

The Group's foreign currency exposures arise mainly from the exchange rate movements of the Hong Kong dollar against the Singapore dollar.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Group's functional currency are as follows:

	Assets		Liabilities	
	2015	2014	**2015**	2014
	$	$	**$**	$
Hong Kong dollars	**5,203,861**	—	**47,763**	—

The sensitivity rate used when reporting foreign currency risk to key management personnel is 5%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the Hong Kong dollars to change by 5% against the Singapore dollar, profit will decrease by $257,805.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bills payables, pledged bank deposits and bank balances. The cash flow interest rate risk is mainly concentrated on fluctuations associated with bills payables with floating rate which represent prime rate plus margin per annum and variable rate pledged bank deposits and bank balances.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risks (continued)

(ii) Interest rate risk (continued)

No sensitivity analysis of pledged bank deposits, bank balances and bills payables is presented as a reasonably possible change in interest rate would not have significant impact on profit or loss of the Group.

Obligations under finance leases issued at fixed rates expose the Group to fair value interest-rate risk. During the reporting period, the Group did not hedge its fair value interest rate risk.

(iii) Other price risk

The Group is exposed to equity price risk through its available-for-sale investments in relation to listed equity securities in Singapore.

No sensitivity analysis is presented for the available-for-sale investments for the year ended 31 December 2015 and 2014 as the available-for-sale investments is insignificant.

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a level of bank and cash balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Effective interest rate	On demand or within 3 months S$	3–6 months S$	6–12 months S$	1–5 years S$	Total undiscounted cash flows S$	Carrying amount S$
At 31 December 2015							
Non-interest bearing instruments							
Trade and other payables		**1,486,856**	**—**	**—**	**—**	**1,486,856**	**1,486,856**
Interest bearing instruments							
Obligations under finance leases	**3.0–6.9%**	**25,736**	**25,699**	**45,945**	**127,310**	**224,690**	**210,224**
		1,512,592	**25,699**	**45,945**	**127,310**	**1,711,546**	**1,697,080**
At 31 December 2014							
Non-interest bearing instruments							
Trade and other payables		1,152,214	—	—	—	1,152,214	1,152,214
Amounts due to related parties		348,193	—	—	—	348,193	348,193
Amounts due to directors		1,999	—	—	—	1,999	1,999
Interest bearing instruments							
Bills payables	5.75%	943,246	—	—	—	943,246	909,841
Obligations under finance leases	3.8–7.1%	25,475	25,475	50,951	165,881	267,782	246,995
		2,471,127	25,475	50,951	165,881	2,713,434	2,659,242

Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for approximately 64% (2014: 100%) of the total financial assets as at 31 December 2015 and 2014 respectively.

In order to minimise the credit risk on trade and other receivables, amount due from a related party and amount due from a director, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

Approximately 45% and 38% of total trade receivables outstanding at 31 December 2015 and 2014 were due from top 5 customers which exposed the Group to concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Other than concentration of credit risk on bank deposits and balances placed in 4 banks (2014: 5 banks) in which the counterparties are financially sound and on trade receivables from top 5 customers, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

c. Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 December 2015	31 December 2014	Fair value hierarchy	Valuation technique and key inputs
Available-for-sale investments	Listed equity securities in Singapore: S$20	Listed equity securities in Singapore: S$20	Level 1	Quoted bid prices in an active market

There is no transfer between the different levels of the fair value hierarchy during the reporting period.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. OPERATING LEASES COMMITMENTS

As lessee

At the end of each of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 December	
	2015	2014
	S$	S$
Within one year	**336,000**	406,560
In the second to fifth year inclusive	**56,000**	392,000
	392,000	798,560

Operating lease payment represented rentals payable by the Group for staff dormitory, office and workshop premises. Leases are negotiated for terms of 1 to 3 years with fixed rental and no renewal option or contingent rent provision.

As lessor

At the end of the reporting period, part of the workshop premises of the Group is subleased out for rental income under non-cancellable operating lease which fall due as follows:

	At 31 December	
	2015	2014
	S$	S$
Within one year	**60,000**	60,000
In the second to fifth year inclusive	**11,667**	71,667
	71,667	131,667

Lease is negotiated for a term of 3 years with fixed rental and no contingent rent provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. RELATED PARTY DISCLOSURES

Apart from details disclosed elsewhere in the consolidated financial statements, the Group has entered into the following significant transactions with its related parties during the reporting period:

Name of related parties	Nature of transactions	Years ended 31 December	
		2015	2014
		S$	S$
C.K. Toh Construction	Sub-contracting of installation work and supply of labour from related party	—	177,012
	Sales to related parties	—	19,120
T3 Holdings	Rental expense of crane from related party	—	31,348
Signmechanic Sdn Bhd	Purchases of signages and sub-contracting of installation work from related party	—	70,039
Fusion Displays	Purchase of machineries	—	39,600

The Controlling Shareholders have equity interests in these related parties with significant influence over them for the year ended 31 December 2014. According, these entire are no longer related parties for the year end 31 December 2015.

In addition, Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter had jointly and severally provided a personal guarantee in favour of Ethoz Capital Ltd ("Ethoz Capital") to secure the obligations and liabilities of Signmechanic Singapore under a loan agreement entered into between Signmechanic Singapore as the borrower and Ethoz Capital as the lender dated 31 October 2014 in relation to a loan facility of S$1,000,000 granted by Ethoz Capital to Signmechanic Singapore.

The loan facility had not been utilised as at 31 December 2014. It was utilised and the loan was fully repaid during 2015 and Ethoz Capital has released the guarantee from Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter.

At the end of the respective reporting period, the Group has the following balances with related parties:

	At 31 December	
	2015	2014
	S$	S$
Amount due from a related party		
— C.K. Toh Construction	—	44,860
Amounts due to related parties		
— C.K. Toh Construction	—	339,921
— Signmechanic Sdn Bhd	—	6,811
— T3 Holdings	—	1,461
	—	348,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. RELATED PARTY DISCLOSURES (CONTINUED)

Guaranteed from Controlling Shareholders

Apart from disclosure elsewhere in these financial statements, the Controlling Shareholders jointly and severally provided a personal guarantee in respect of a loan facility of S$1,000,000 in favor to the Group in October 2014. The loan has not been drawn down as at 31 December 2014. In 2015, the loan was utilised and fully repaid in 2015 and the personal guarantee from the controlling shareholders have been released.

33. CONTINGENT LIABILITIES

As at 31 December 2015 and 2014, the Group has following contingent liabilities:

	At 31 December	
	2015	2014
	S$	S$
Guarantee provided in respect of performance bonds in favor of customers	**143,930**	193,528

34. PARTICULARS OF SUBSIDIARIES

Particular of the subsidiaries of the Company at 31 December 2015 are as follows:

Name	Place of incorporation/ operation	Group's effective interest	Held by the Company	Principal activities
Sino Promise Investment Limited	British Virgin Islands	100%	100%	Investment holding
Signmechanic Singapore Pte Ltd	Singapore	100%	—	Design, fabrication, installation and maintenance of signage products

None of the subsidiaries had issued any debt securities at the end of the year.

35. SUBSEQUENT EVENT

During March 2016, the Company has set up a new British Virgin Island subsidiary, Joyful Passion Limited, which is currently dormant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at end of the reporting period is as follows:

	At 31 December	
	2015	2014
	S$	S$
Non-current assets		
Investment in subsidiary	**6,570,095**	—
Total non-current assets	**6,570,095**	—
Current assets		
Prepayment	**48,915**	—
Cash and bank balances	**5,249,453**	—
Total current assets	**5,298,368**	—
Current liabilities		
Trade payables	**54,140**	—
Accruals	**114,007**	—
Amount due to subsidiary	**1,270,202**	—
Total current liabilities	**1,438,349**	—
Net current assets	**3,860,019**	—
NET ASSETS	**10,430,114**	—
Capital and reserves		
Share capital	**689,655**	—
Share premium	**12,126,905**	—
Accumulated losses	**(2,386,446)**	—
TOTAL EQUITY	**10,430,114**	—

The Company's statement of financial position was approved and authorised for issue by the board of directors on 22 March 2016:

Tan Thiam Kiat Kelvin
Executive Director

Tan Kwang Hwee Peter
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Share capital S$	Share premium S$	Accumulated losses S$	Total S$
At 1 January 2015	—	—	—	—
Issue of 999,999 ordinary shares pursuant to the re-organisation	**1,724**	**6,568,371**	**—**	**6,570,095**
Issue of 319,000,000 ordinary shares under the capitalisation issue	**550,000**	**(550,000)**	**—**	**—**
Share issue of 80,000,000 under placing	**137,931**	**6,758,620**	**—**	**6,896,551**
Share issue expense	**—**	**(650,086)**	**—**	**(650,086)**
Loss for the year, representing total comprehensive loss for the year	**—**	**—**	**(2,386,446)**	**(2,386,446)**
At 31 December 2015	**689,655**	**12,126,905**	**(2,386,446)**	**10,430,114**

SUMMARY OF FINANCIAL INFORMATION

31 December 2015

The following is a summary of the consolidated results and of the assets and liabilities of the Group for the last three financial years as extracted from the published financial statements:

		Year ended 31 December		
		2015	2014	2013
	Note	**S$**	S$	S$
RESULTS				
Revenue	6	**11,384,339**	11,850,088	7,827,042
Cost of sales		**(6,144,909)**	(6,307,276)	(4,952,092)
Gross profit		**5,239,430**	5,542,812	2,874,950
Other income	7	**300,953**	208,193	71,198
Other gains and losses	8	**337,895**	(109,873)	(263,571)
Selling and administrative expenses		**(2,667,288)**	(2,638,320)	(1,800,235)
Other expenses	9	**(2,634,874)**	(63,250)	—
Finance costs	10	**(58,192)**	(111,351)	(66,923)
Profit before tax		**517,924**	2,828,211	815,419
Income tax expense	11	**(347,560)**	(262,996)	(203,938)
Profit for the year	12	**170,364**	2,565,215	611,481
ASSETS AND LIABILITIES				
Non-current assets		**583,745**	679,393	578,600
Current assets		**15,081,431**	8,783,427	14,468,073
Current liabilities		**(2,572,627)**	(4,293,783)	(7,068,628)
Net current assets		**12,508,804**	4,489,644	7,399,445
Non-current liabilities		**(161,853)**	(155,170)	(135,605)
Net assets		**12,930,696**	5,013,867	7,842,440