

# KPM HOLDING LIMITED

## 吉輝控股有限公司\*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027



THIRD  
QUARTERLY  
REPORT

2016

\* 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of KPM Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 or deceptive, (2) there are no other matters the omission of which would make any statement herein or this report misleading and (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.*

## CONDENSED CONSOLIDATED FINANCIAL RESULTS

The board of Directors (the "Board") of the Company (together with its subsidiaries, the "Group") is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2016, together with the unaudited comparative figures for the corresponding period in 2015, as follows:

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

*For the three months and nine months ended 30 September 2016*

	Note	Three months ended 30 September		Nine months ended 30 September	
		2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Revenue	3	1,953,672	2,584,020	6,986,291	8,215,598
Cost of sales		(1,308,977)	(1,439,755)	(3,765,915)	(4,613,986)
Gross profit		644,695	1,144,565	3,220,376	3,601,612
Other income	4	63,770	82,996	169,142	243,171
Other gains and losses	5	182,997	445,315	(73,256)	491,087
Selling and administrative expenses	6	(766,897)	(610,627)	(2,310,571)	(1,815,652)
Other expenses	7	(21,000)	(1,421,142)	(100,800)	(2,504,675)
Finance costs	8	(3,830)	(3,486)	(8,981)	(55,132)
<b>Profit (Loss) before tax</b>		<b>99,735</b>	<b>(362,679)</b>	<b>895,910</b>	<b>(39,589)</b>
Income tax expense	9	(31,000)	–	(254,859)	(230,000)
<b>Profit (Loss) for the period, representing total comprehensive income (loss) for the period</b>		<b>68,735</b>	<b>(362,679)</b>	<b>641,051</b>	<b>(269,589)</b>
Earnings (Losses) per share					
Basic and diluted (S\$ cents)	10	0.002	(0.012)	0.020	(0.010)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

### 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 principal place of business is at 424 Tagore Industrial Avenue, Sindo Industrial Estate, Singapore 787807. The shares of the Company were listed on GEM on 10 July 2015 (the "Listing Date").

The Company is an investment holding company and the principal activities of its operating subsidiary, Signmechanic Pte Ltd ("Signmechanic Singapore") is engaged in the design, fabrication, installation and maintenance of signage and related products.

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

This condensed consolidated interim financial information was approved by the Board of Directors of the Company on 8 November 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 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. Details of the Group Reorganisation are set out in the section headed "History and Development" in the listing prospectus of the Company dated 30 June 2015 (the "Prospectus").

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2015 have been prepared to include the results 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 CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### 2. GROUP RE-ORGANISATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

These condensed consolidated financial results should be read in conjunction with the audited financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies and methods of computation used in the preparation of these condensed consolidated financial results are consistent with those used in the annual financial statements for the year ended 31 December 2015 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2016 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.

### 3. REVENUE AND SEGMENT INFORMATION

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

Information is reported to the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The 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:

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Public	1,760,195	2,391,422	6,360,285	7,440,362
Private	193,477	192,598	626,006	775,236
	<b>1,953,672</b>	2,854,020	<b>6,986,291</b>	8,215,598

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

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

#### Entity-wide disclosures

##### *Major products*

Revenue represents sale of signage, bollard, variable-message signs and aluminium 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.

##### *Major customers*

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Customer A	Note	472,347	Note	2,171,185

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.

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

### 4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Bank interest income	1,256	1,140	1,380	1,152
Government grants	37,315	4,393	61,487	48,799
Rental income under operating lease in respect of subleasing of workshop premises	15,000	41,000	83,000	126,500
Recovery of deposits	–	28,845	–	28,845
Others, comprising mainly insurance claims received	10,199	7,618	23,275	37,875
	<b>63,770</b>	<b>82,996</b>	<b>169,142</b>	<b>243,171</b>

### 5. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Reversal of (Allowance for) doubtful debts	37,021	(10,065)	39,946	23,684
Bad debts written off	–	–	–	(1,465)
Property, plant and equipment written off	–	–	–	(931)
Profit (Loss) on disposal of plant and equipment	85,494	14,437	71,460	22,437
Impairment loss of other investments	(1,846)	–	(1,846)	–
Foreign exchange gain (loss)	62,328	440,943	(182,816)	447,362
	<b>182,997</b>	<b>445,315</b>	<b>(73,256)</b>	<b>491,087</b>

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

### 6. SELLING AND ADMINISTRATIVE EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Audit fee	32,500	4,500	97,500	94,500
Staff costs	451,665	406,469	1,393,840	1,144,727
Legal and professional fees	95,058	19,105	282,261	44,505
Depreciation	23,135	22,493	68,112	67,602
Rental expenses	37,420	23,703	91,070	58,771
Upkeep of equipment and vehicles	20,082	31,478	69,418	87,279
Others	107,037	102,879	308,370	318,268
	<b>766,897</b>	<b>610,627</b>	<b>2,310,571</b>	<b>1,815,652</b>

### 7. OTHER EXPENSES

This included listing expenses of Nil and \$2,434,674 for the nine months ended 30 September 2016 and 30 September 2015 respectively, all unaudited.

### 8. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Interests on borrowings wholly repayable within five years:				
– Bank overdraft	30	–	30	–
– Bank loan	–	–	–	19,185
– Obligations under finance leases	3,800	3,423	8,951	10,827
– Trade financing	–	63	–	25,120
	<b>3,830</b>	<b>3,486</b>	<b>8,981</b>	<b>55,132</b>



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

### 9. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Current tax				
– Singapore Corporate Income Tax ("CIT")	19,000	–	228,000	200,000
Underprovision in prior year	–	–	14,859	30,000
Deferred tax	12,000	–	12,000	–
	<b>31,000</b>	–	<b>254,859</b>	230,000

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 50%, capped at S\$20,000 for year of Assessment 2016 and 2017. 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.

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

### 9. INCOME TAX EXPENSE (CONTINUED)

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:

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Profit (Loss) before tax	99,735	(362,679)	895,910	(39,589)
Tax at Singapore CIT of 17%	16,955	(61,655)	152,305	(6,730)
Tax effect of expenses not deductible for tax purpose	33,276	259,029	134,830	434,900
Tax effect of income not taxable	–	(74,960)	–	(74,960)
Tax effect of income under tax exemption and rebate	(6,481)	(13,981)	(34,444)	(41,944)
Tax effect of enhanced allowance (Note)	(8,325)	(65,668)	(16,092)	(78,936)
Underprovision in prior year	–	–	14,859	30,000
Others	(4,425)	(42,765)	3,401	(32,330)
Income tax expense for the period	31,000	–	254,859	230,000

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

### 10. EARNINGS (LOSSES) PER SHARE

The calculation of the basic earnings (losses) per share is based on the profit (loss) for the period attributable to owners of the company and the weighted average number of ordinary shares in issue as adjusted retrospectively to reflect as if the share subdivision of one issued share into eight subdivided share, which became effective on 19 August 2016, had occurred at the start of the earliest period for which earnings per share information is presented. The number of shares for the purpose of basic earnings per share for the period ended 30 September 2015 is based on the assumption that 2,560,000,000 ordinary shares of the Company are in issue and issuable, comprising an aggregate of 8,000,000 ordinary shares, 2,552,000,000 ordinary shares issuable upon capitalization of share premium, as if the Group Reorganisation was effective on 1 January 2014.

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

### 10. EARNINGS (LOSSES) PER SHARE (CONTINUED)

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Profit (Loss) attributable to the owners of the Company	<b>68,735</b>	(362,679)	<b>641,051</b>	(269,584)
Weighted average number of ordinary shares in issue	<b>3,200,000,000</b>	3,137,391,304	<b>3,200,000,000</b>	2,754,578,752
Basic and diluted earnings (losses) per share	<b>0.002</b>	(0.012)	<b>0.02</b>	(0.010)

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

### 11. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2016 (2015: Nil).

### 12. RELATED PARTY DISCLOSURES

The Group has entered into the following significant transactions with its related parties:

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 had not been utilised as at 31 December 2014. It was utilised subsequent to 2014 and fully repaid in March 2015. Ethoz Capital has subsequently released the guarantee from Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter.

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

### 12. RELATED PARTY DISCLOSURES (CONTINUED)

#### Compensation of key management personnel

The remuneration of the directors who are key management of the Group was as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)	2016 S\$ (Unaudited)	2015 S\$ (Unaudited)
Short-term benefits	109,324	93,321	319,329	257,828
Post-employment benefits	8,748	7,728	26,244	23,184
	<b>118,072</b>	101,049	<b>345,573</b>	281,012

The remuneration of the directors of the Group is determined by having regard to the performance of individuals of the Group and market trends.

### 13. RESERVES

During the period under review, there was no movement to and from any reserves.

### 14. CONTINGENT LIABILITIES (SECURED)

The Group has following contingent liabilities:

	30 September 2016 S\$ (Unaudited)	31 December 2015 S\$ (Audited)
Guarantee provided in respect of performance bonds in favor of customers	135,135	143,930

## MANAGEMENT DISCUSSION AND ANALYSIS

### General

For the financial period to date, the Group had been principally engaged in the design, fabrication, installation and maintenance of signage and related products. The Group operated in a single segment which mainly included sale of signage, bollard, variable-message signs and aluminium railing to customers located in Singapore.

## FINANCIAL REVIEW

### Revenue and Results

For the nine months ended 30 September 2016, the Group recorded an unaudited revenue of approximately S\$6,986,000 (2015: S\$8,216,000) and profit of approximately S\$672,000 (2015: loss of S\$270,000).

Revenue had decreased by approximately S\$1,229,000 or 15.0% attributable mainly to lower revenue for the public sector by approximately S\$1,080,000 of which approximately S\$631,000 of the decline in the revenue for the public sector occurred in the three months ended 30 September 2016.

The gross profit for the nine months ended 30 September 2016 was approximately S\$3,220,000 (2015: S\$3,602,000). Gross profit for the three months ended 30 September 2016 has decreased by approximately S\$500,000 as compared to the comparable period in prior year. This has contributed to the approximately S\$382,000 decrease in the year to date gross profit.

Other gains and losses included approximately S\$183,000 relating to unrealised foreign exchange loss for the cash and bank balances which is denominated in Hong Kong Dollars as the Hong Kong Dollars depreciated against the Singapore Dollars.

Selling and administrative expenses for the nine months ended 30 September 2016 was approximately S\$2,311,000, (2015: S\$1,816,000) representing an increase of S\$495,000 or 27% mainly due to higher expenses incurred for staff cost, legal and professional fees and rental expenses, partially offset by lower expenses incurred for upkeep of equipment and vehicles.

Other expenses for the nine months ended 30 September 2015 included approximately S\$2,435,000 non-recurring listing expenses incurred.

The Group recorded a profit before tax for the nine months ended 30 September 2016 of approximately S\$896,000 (2015: Loss S\$40,000), representing an increase of S\$936,000 as compared with the corresponding period of last year.

Profit for the nine months ended 30 September 2016 was approximately S\$641,000, representing an increase of S\$911,000 as compared with loss of approximately S\$270,000 for the corresponding period in 2015.

Excluding the listing expenses of approximately S\$2,435,000 recorded in the nine months ended 30 September 2015, the profit before tax and profit for the nine months ended 30 September 2015 would have been approximately S\$2,395,000 and S\$2,165,000. This represents a decrease of the profit before tax of S\$1,499,000 or 62.6% and a decrease of profit for the nine months ended 30 September 2016 of S\$1,524,000 or 69.0%.

## **BUSINESS REVIEW**

Revenue comprised of revenue from the sales of signage and related products in both the public and private sectors in Singapore, which amounted to approximately S\$6,986,000 and S\$8,216,000 for the nine months period ended 30 September 2016 and 2015, 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 period, the business revenue and net profit was approximately S\$6,986,000 and S\$641,000 respectively. The public sector revenue has decreased by approximately S\$1,080,000 or 14.5% mainly due to the lower contribution of 2 significant contracts as work volume decreased.

**Prospects**

Consistent with the Group's last quarter announcement, the Group expects its revenue to continue to decline for the current financial year given the challenging economic and construction industry environment and the overall slow-down in demand for the Group's services.

**Employee Information**

As at 30 September 2016, the Group had an aggregate of 74 (2015: 68) employees.

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are employed on one or two year contractual basis and are remunerated according to their work skills.

Total staff costs, including Directors' emoluments, amounted to approximately S\$2,002,000 for the nine months ended 30 September 2016 (nine months ended 30 September 2015: approximately S\$1,869,000).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 September 2016, 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 the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO 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	Approximate percentage of issued share capital
<b>Executive Directors:</b>			
Mr. Tan Thiam Kiat Kelvin	Interest of controlled company <sup>(1)</sup>	1,845,840,000	57.68%
Mr. Tan Kwang Hwee Peter	Interest of controlled company <sup>(1)</sup>	1,845,840,000	57.68%

Note:

- (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 30 September 2016, 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.

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

As at 30 September 2016, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 September 2016, 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**

<b>Name of substantial shareholder</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Approximate percentage of the issued share capital</b>
Absolute Truth Investment Limited	Beneficial owner	1,845,840,000	57.68%

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 30 September 2016.

## **SHARE OPTIONS**

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

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the period under review, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had any interests in any businesses which competed with or might compete with the business of the Group.

## **SHARE OPTION SCHEME**

The Company has not adopted any share option scheme and has not issued any option since the date of its incorporation pursuant to the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

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

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

In the opinion of the Directors, the Company has complied with the CG Code for the nine months ended 30 September 2016.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code for the nine months ended 30 September 2016.

## AUDIT COMMITTEE

Our Group 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.

The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The audit committee has reviewed the unaudited results for the nine months ended 30 September 2016 and has provided advice and comments thereon.

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

Singapore, 8 November 2016

As at the date of this report, the Board comprises three executive Directors, namely, Mr. Tan Thiam Kiat Kelvin (Chairman), Mr. Tan Kwang Hwee Peter and Ms. Liu Qian and three independent non-executive Directors, namely, Mr. Tan Kiang Hua, Mr. Oh Eng Bin (Hu Rongming) and Mdm. Kow Yuen-Ting (Gao Yun Ting).