KPM HOLDING LIMITED
吉輝控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

2016 ANNUAL REPORT

* 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.

CONTENTS

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 and resigned on 25 January 2017)
Ms. Kong Weishan (Appointed on 25 January 2017)

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 SECRETARY

Ms. Wong Tsz Yan Pinky

AUTHORISED REPRESENTATIVES

Mr. Tan Thiam Kiat Kelvin
Ms. Wong Tsz Yan Pinky

COMPLIANCE ADVISER

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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

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Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Singapore 787807

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

Room A2, 15/F, Chun Wo Commercial Centre
23-29 Wing Wo Street
Central
Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera 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
Suites 3301-04, 33/F., Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

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 2016.

PERFORMANCE

For the year ended 31 December 2016, the Group recorded a 16.1% decrease in revenue from approximately S$11,384,000 in 2015 to approximately S$9,550,000 in 2016. Gross profit and profit after tax of the Group were approximately S$4,255,000 (2015: approximately S$5,239,000) and approximately S$1,074,000 (2015: approximately S$170,000) respectively.

Decrease in revenue was primarily attributable to lower revenue of approximately S$1,552,000 from the public sector due to the absence of new high value contracts to replace those which are near expiry or have expired. The gross profit margin decreased slightly from 46.0% for the year ended 31 December 2015 to 44.6% for the year ended 31 December 2016. Profit after tax has increased by approximately S$904,000 as compared with the corresponding period of last year which was mainly due to the non-recurring listing expenses incurred in 2015 of approximately S$2,435,000. The profit after tax for the year ended 31 December 2015 would have been approximately S$2,605,000 excluding the non-recurring listing expenses, as such the profit after tax for 2016 would have been decreased by 58.8%.

OUTLOOK

According to the release by Ministry of Trade and Industry Singapore on 3 January 2017, the growth in the construction sector contracted by 1.2 percentage points to 1.3 percentage points in 2016 from 2.5 percentage points in 2015, primarily due to the decline in private sector construction activities.

However, according to the release by Building and Construction Authority of Singapore on 6 January 2017, the total construction demand in 2017 is expected to reach between S$28.0 billion and S$35.0 billion. The higher demand is due to an anticipated increase in public sector construction demand from about S$15.8 billion last year to between S$20.0 billion and S$24.0 billion this year, driven by an increase in demand for most building types and civil engineering works.

Such increased demand in public sector construction, in particular in road infrastructure, is anticipated to present more business opportunity for the Group in due course.

Looking forward, the Group will continue to manage its expenditures, review the business strategy constantly and look for opportunity to cope with existing market environment in a cautious and prudent manner.

APPRECIATION

On behalf of the Board, I would like to 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, 21 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2016, the Group recorded revenue of approximately S$9,550,000 (2015: approximately S$11,384,000) and profit after tax of S$1,074,000 (2015: approximately S$170,000).

Revenue had decreased by approximately 16.1% or S$1,834,000, attributable to lower revenue of approximately S$1,552,000 from the public sector and S$282,000 from the private sector. The lower revenue contribution from the public sector is due to the absence of new high value contracts to replace those which are near expiry or have expired.

The gross profit for the year ended 31 December 2016 was approximately S$4,255,000 (2015: approximately S$5,239,000). The lower gross profit by approximately S$984,000 was mainly due to lower revenue.

The Group has recorded other gains and losses of approximately S$189,000 gain (2015: approximately S$338,000 gain) representing a decrease of S$149,000. This is mainly attributable to lower foreign exchange gain of approximately S$254,000 and offset by higher gain on disposal of plant and equipment of approximately S$49,000, higher bad debts recovered of approximately S$22,000 and lower allowance for bad debts of approximately S$32,000.

Selling and administrative expenses for the year ended 31 December 2016 was approximately S$3,213,000, (2015: approximately S$2,667,000) representing an increase of S$546,000 or 20.5% mainly due to higher expenses incurred for staff costs, legal and professional fees and rental expenses. This is partially offset by lower audit fees.

The Group recorded a profit before tax for the year ended 31 December 2016 of approximately S$1,342,000 (2015: approximately S$518,000), representing an increase of S$824,000 as compared with the corresponding period of last year. Excluding the one-off listing expenses incurred in 2015 of S$2,435,000, the profit before tax for the year ended 31 December 2015 would have been approximately S$2,953,000, representing a decrease of S$1,611,000 or 54.6%. This was mainly due to lower gross profit of S$984,000, lower other gains and losses of S$149,000 and higher selling and administrative expenses of S$546,000.

Profit for the year ended 31 December 2016 was approximately S$1,074,000, representing an increase of S$904,000 as compared with profit of approximately S$170,000 for the corresponding period in 2015.

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 year ended 31 December 2016, the Group generated cash from operating activities of approximately S$1,568,000 which has been mainly used for the purchase of plant and equipment and intangible asset (software) and repayment of obligations under finance lease.

As at 31 December 2016, the Group's borrowings comprised the obligations under finance lease of approximately S$315,000 (31 December 2015: approximately S$210,000).

At 31 December 2016, the Group had cash and cash equivalents of approximately S$11,136,000 (31 December 2015: approximately S$9,839,000) 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$97,000 as Hong Kong Dollars appreciated against the Singapore Dollars (31 December 2015: approximately S$332,000).

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

As at 31 December 2016, the Group's obligations under finance lease are secured by the lessor's title to the relevant leased motor vehicles with the aggregate carrying values amounting to approximately S$584,000 (31 December 2015: approximately S$233,000).

Contingent Liabilities

As at 31 December 2016, the guarantees in respect of performance bonds in favour of our customers was approximately S$82,000, which is secured by pledged bank deposits (31 December 2015: approximately S$144,000).

Capital Commitments

As at 31 December 2016, the Group did not have any capital commitment (31 December 2015: S$Nil).

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 2016 is set out below:

Business objectives	**Planned expenses (as stated in the Prospectus) in respect of business objectives from the Listing Date to 31 December 2016** HK$ (in million)	**Use of proceeds** HK$ (in million)	**Balance available** 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	4.9	0.3	4.6
Expansion via new companies or acquisitions	3.6	–	3.6
Expansion and enhancement of work force to support our business expansion in the existing sector and non-road infrastructure related projects	2.7	0.2	2.5
Working capital and other general corporate purposes	1.5	1.5	–
Total	12.7	2.0	10.7

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

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 2016, the Group had an aggregate of 78 (2015: 72) 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$2,928,000 for the year ended 31 December 2016 (31 December 2015: approximately S$2,688,000).

MANAGEMENT DISCUSSION AND ANALYSIS

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$9,550,000 and S$11,384,000 for the year ended 31 December 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 year, the business revenue and net profit was approximately S$9,550,000 and S$1,074,000 respectively. The public sector revenue has decreased by S$1,552,000 due to the absence of new high value contracts to replace those which are near expiry. Similarly, the private sector revenue has decreased by S$282,000 due to the slow down in the construction industry in the private sector.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Tan Thiam Kiat Kelvin (陳添吉), age 44, a co-founder, an executive Director and the Chairman of the Group. He was first appointed as the Director on 10 March 2015. Mr. Tan Thiam Kiat Kelvin is also the director of Signmechanic Pte Ltd ("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 49, a co-founder, an executive Director and the 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Ms. Liu Qian (劉倩), age 31, was appointed as Director, Business Development of the Group and as an executive Director on 12 February 2016 and has resigned with effect from 25 January 2017. She was responsible for investor relations and identifying growth opportunity in Hong Kong and the People's Republic of China (the "PRC").

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.

Ms. Kong Weishan (孔維姍), aged 34, was appointed as an executive Director on 25 January 2017.

Ms. Kong graduated from Chongqing University of Posts and Telecommunications (重慶郵電大學) with bachelor's degrees in geographic information system. Ms. Kong has extensive experience in business operation and management. She had held managerial roles in various sizable corporations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Oh Eng Bin (Hu Rongming) (胡榮明), age 43, 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 Dentons 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 and in the case of Weiye Holding Limited, also listed on the Main Board of the Stock Exchange of Hong Kong Limited.

Mr. Tan Kiang Hua (陳建華), age 56, 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mdm. Kow Yuen-Ting (Gao Yun Ting) (郜韵婷), age 39, 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 37, 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.

COMPANY SECRETARY

Ms. Wong Tsz Yan Pinky ("Ms. Wong"), age 28, is the company secretary of the Company. She was appointed as the company secretary of the Company since 11 March 2016. 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 10 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 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules"). In the opinion of the Board, the Company has complied with the CG Code during the year ended 31 December 2016. Details of the Group's corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 13 to 20 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 2016.

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 GEM Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE AT BOARD MEETING

During the year ended 31 December 2016, the Board held 7 board meetings and 2 general meetings and the attendance of each Director is set out as follows:

		Attendance of	
Directors	Board Meetings	Annual General Meeting	Extraordinary General Meeting
Executive Directors			
Mr. Tan Thiam Kiat Kelvin	7/7	1/1	1/1
Mr. Tan Kwang Hwee Peter	7/7	1/1	1/1
Ms. Liu Qian (Appointed on 12 February 2016 and resigned on 25 January 2017)	6/7	1/1	1/1
Independent non-executive Directors			
Mr. Oh Eng Bin (Hu Rongming)	7/7	1/1	1/1
Mr. Tan Kiang Hua	7/7	1/1	1/1
Mdm. Kow Yuen-Ting (Gao Yun Ting)	7/7	1/1	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 CG 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 CG 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/her 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 to 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.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2016, the Audit Committee held 4 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)*	4/4
Mr. Oh Eng Bin (Hu Rongming)	4/4
Mr. Tan Kiang Hua	4/4

The Group's annual results for the year ended 31 December 2016 have been reviewed by the Audit Committee.

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.

During the year ended 31 December 2016, the Remuneration Committee held 3 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)*	3/3
Mr. Oh Eng Bin (Hu Rongming)	3/3
Mdm. Kow Yuen-Ting (Gao Yun Ting)	3/3

CORPORATE GOVERNANCE REPORT

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 to 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 reveiw the structure, size and composition of the Board and make recommendations to the Board to fill vacancies of the Board.

During the year ended 31 December 2016, 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

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2016, 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 2016.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's external auditor, Deloitte & Touche LLP, for the year ended 31 December 2016, is set out as follows:

	Fees paid/ payable S$
Annual audit services	130,000
Tax services	7,200
Total:	137,200

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

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard shareholder's investment and the Group's assets.

The Group has engaged an independent professional party, Yang Lee & Associates (the "IA"), to perform the internal audit functions and evaluate the risk management and internal control systems of the Group. The IA reports directly to the Audit Committee and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the Audit Committee periodically. The IA completed a review for the year ended 31 December 2016 in accordance with the internal audit plan developed and approved by the Audit Committee. The Board has adopted the recommendations of the internal auditors set out in the internal audit report.

During the year ended 31 December 2016, the management presented a risk assessment report to the Audit Committee and the Board on the Group's risk profile, status of risk mitigation action plans and results of various assurance activities carried out during the year ended 31 December 2016 on the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The assurance activities include controls self-assessment performed by Management, internal and external audits performed by internal and external auditors and external certifications by external certification centers.

Based on the risk management framework and internal controls established and maintained by the Group, work performed by the internal, external auditors and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board consider the risk management and internal control systems of the Group to be adequate and effective for the year ended 31 December 2016.

The Board notes that system of risk management and internal controls established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

COMPANY SECRETARY

Ms. Wong Tsz Yan Pinky ("Ms. Wong") has been appointed as the company secretary of the Company since 11 March 2016 pursuant to Rule 5.14 of the GEM Listing Rules. Ms. Wong has taken no less than 15 hours of professional training during the year ended 31 December 2016.

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").

CORPORATE GOVERNANCE REPORT

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING AND PUT FORWARD PROPOSALS AT GENERAL MEETING

Any one or more shareholder(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 company secretary of the Company at the Company's principal place of business at Room A2, 15/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, 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 company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. 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).

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 company secretary.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2016, 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 31 December 2016, 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 the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in notes 1 and 33 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. There were no significant changes to the Group's principal activities during the current year.

BUSINESS REVIEW

A review of the Group's performance, business activities and development is included in the Chairman's Statement on Page 5 and the Management Discussion and Analysis on pages 6 to 9 of this annual report.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 December 2016 is set out in the consolidated statement of profit or loss and other comprehensive income on page 34 of this report and the financial position of the Group as at 31 December 2016 are set out in the consolidated statement of financial position on page 35 of this report. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016.

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 2016 is set out on page 86 of this report. This summary does not form part of the audited financial statements.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 December 2016, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings except as disclosed in note 32 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.

REPORT OF THE DIRECTORS

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.

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 Dollars, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong Dollars 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 2016 are set out in note 18 to the consolidated financial statements.

BANK BORROWINGS

As at 31 December 2016, the Group did not have any bank borrowings except for the obligations under finance leases as set out in note 25 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2016 are set out in note 27 to the consolidated financial statements in this report.

USE OF PROCEEDS FROM THE PLACING OF SHARES

As at 31 December 2016, the Company has not yet utilised the net proceeds of approximately HK$10.7 million (approximately S$2.0 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 8 of this report.

RESERVES

Details of change in reserves of the Group and the Company are set out on page 36 of the consolidated statement of changes in equity and page 86 of this report.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

The Company did not have distributable reserve as at 31 December 2016, 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 2016, the Group did not made charitable contributions.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2016.

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 2016, sales to the Group's five largest customers accounted for approximately 23.2% of total sales and sales to the largest customer included therein amounted to approximately 7.1% of total sales. The Group's five largest suppliers accounted for approximately 37.7% of total purchases during the year ended 31 December 2016 and purchases from the largest supplier included therein amounted to approximately 11.4% 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 2016.

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.

In accordance with Rule 17.103 of the GEM Listing Rules, the company will publish an Environmental, Social and Governance Report within three months after the publication of this annual report in compliance with the provisions set out in Appendix 20 to the GEM Listing Rules.

REPORT OF THE DIRECTORS

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.

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 2016 and up to the date of this report are:

Executive Directors

Mr. Tan Thiam Kiat Kelvin *(Chairman)*
Mr. Tan Kwang Hwee Peter
Ms. Liu Qian — Appointed on 12 February 2016 and resigned on 25 January 2017
Ms. Kong Weishan — Appointed on 25 January 2017

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

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 on 10 July 2015 and will continue thereafter until terminated by not less than three months' notice in writing sent by either party or the other.

REPORT OF THE DIRECTORS

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 reelection 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. Ms. Liu Qian has resigned as an executive Director with effect from 25 January 2017.

Ms. Kong Weishan, the executive Director, has entered into a letter of appointment with the Company on 25 January 2017 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 on 10 July 2015 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.

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 14 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 10 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 2016.

As of 31 December 2016, 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.

REPORT OF THE DIRECTORS

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 2016.

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 2016.

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 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 required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Future Ordinance ("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 the issued share capital
Executive Directors:			
Mr. Tan Thiam Kiat Kelvin	Interest of controlled company(1)	1,845,840,000	57.68%
Mr. Tan Kwang Hwee Peter	Interest of controlled company(1)	1,845,840,000	57.68%

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.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 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 31 December 2016, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 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

Ordinary shares of HK$0.00125 each 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	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 31 December 2016.

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 CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 13 to 20 of this report.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, 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 2016, 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

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.

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

AUDITOR

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

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

Singapore, 21 March 2017

INDEPENDENT AUDITOR'S REPORT

Deloitte.

TO THE MEMBERS OF KPM HOLDING LIMITED

(Incorporated in Cayman Islands with limited liability)

OPINION

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 34 to 86, which comprise the consolidated statement of financial position as at December 31, 2016, 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 notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by International Auditing and Assurance Standards Board ("IAASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by IAASB. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
The carrying amount of the Group's trade receivables as at December 31, 2016 was $2,120,980, net of allowance for doubtful debts of $21,747. We identified the valuation of trade receivables as a key audit matter as the Group has significant trade receivables with customers as at December 31, 2016. Significant management judgement is required in determining the appropriate level of allowance to be recorded in respect of irrecoverable trade receivables. When there is objective evidence of impairment loss, allowance is made in full against all trade receivables not covered by credit insurance, with specific provisions made where management assesses a specific risk of collectability to exist, such as customers who have gone into receivership or no longer have a business relationship with the Group. Management has assessed the credit worthiness of the trade receivables and believes that there is no credit allowance required in excess of the allowance for doubtful debts as the historical cash collection trends and other supporting evidence indicates the recoverability of overdue receivables. Details relating to the Group's trade receivables are set out in Note 21 to the consolidated financial statements and the accounting policies on pages 53 to 56.	Our procedures on the recoverability of trade receivables included, amongst others: • Inquiring the management of the accounting's policy for allowance for doubtful debts; • Understand the Group's process for monitoring of receivables and the collection procedures; • Assessing the sufficiency of the coverage and ability of the credit insurance company to provide coverage; • On sampling basis, assessing the recoverability of receivables which are not covered by the credit insurance and challenged management's view of credit risks by understanding historical pattern of receipts and reviewed the cash received subsequent to year end for amounts outstanding at year end; • For significant overdue receivables not covered by credit insurance, we assessed available information for the rationale of the delay in payment, considered the historical cash collection trends and other supporting evidence including customers correspondence, checked whether the relevant customer have filed for bankruptcy and considered the appropriateness of allowance for these overdue receivables at year end; and • Assessing the adequacy of the Group's disclosures relating to trade receivables.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kee Cheng Kong.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
Singapore
Date: 21 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 S$	2015 S$
Revenue	6	**9,549,724**	11,384,339
Cost of sales		**(5,294,555)**	(6,144,909)
Gross profit		**4,255,169**	5,239,430
Other income	7	**246,315**	300,953
Other gains and losses	8	**188,853**	337,895
Selling and administrative expenses	9	**(3,212,731)**	(2,667,288)
Other expenses	10	**(121,800)**	(2,634,874)
Finance costs	11	**(13,550)**	(58,192)
Profit before tax		**1,342,256**	517,924
Income tax expense	12	**(268,216)**	(347,560)
Profit for the year, representing total comprehensive income for the year	13	**1,074,040**	170,364
Earnings per share (restated)			
Basic and diluted (S$ cents) (Note A)	15	**0.034**	0.006

Note:

(A) Earnings per share has been adjusted retrospectively for all periods presented to give effect to the share subdivision which became effective on 19 August 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	**2016 S$**	2015 S$
Non-current assets			
Intangible asset	17	**22,933**	–
Plant and equipment	18	**851,384**	583,725
Available-for-sale investments	19	**2,907**	20
Total non-current assets		**877,224**	583,745
Current assets			
Inventories	20	**745,633**	526,393
Trade and other receivables	21	**3,114,790**	3,757,569
Pledged bank deposits	22	**960,673**	958,607
Bank and cash balances	22	**11,135,896**	9,838,862
Total current assets		**15,956,992**	15,081,431
Current liabilities			
Trade payables	23	**607,040**	1,044,626
Other payables and accruals	24	**1,623,305**	1,142,392
Obligations under finance leases	25	**103,450**	88,371
Income tax payable		**240,000**	297,238
Total current liabilities		**2,573,795**	2,572,627
Net current assets		**13,383,197**	12,508,804
Total assets less current liabilities		**14,260,421**	13,092,549
Non-current liabilities			
Obligations under finance leases	25	**211,685**	121,853
Deferred tax liability	26	**44,000**	40,000
Total non-current liabilities		**255,685**	161,853
NET ASSETS		**14,004,736**	12,930,696
Capital and reserves			
Share capital	27	**689,655**	689,655
Share premium		**12,126,905**	12,126,905
Merger reserves		**(4,570,095)**	(4,570,095)
Retained earnings		**5,758,271**	4,684,231
TOTAL EQUITY		**14,004,736**	12,930,696

The consolidated financial statements on pages 34 to 86 were approved and authorised for issue by the Board of Directors on 21 March 2017 and are signed on its behalf by:

Tan Thiam Kiat Kelvin
Chairman and Executive Director

Tan Kwang Hwee Peter
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital S$	Share premium (Note A) S$	Merger reserves (Note B) S$	Retained earnings S$	Total S$
At 1 January 2015	500,000	–	–	4,513,867	5,013,867
Profit for the year, representing total comprehensive income for the year	–	–	–	170,364	170,364
Transactions with owners recognised directly in equity					
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 27)	1,724	6,568,371	(4,570,095)	–	2,000,000
Issue of 319,000,000 ordinary shares under the capitalisation issue (Note 27)	550,000	(550,000)	–	–	–
Share issue of 80,000,000 under placing (Note 27)	137,931	6,758,620	–	–	6,896,551
Share issue expense (Note D)	–	(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
Profit for the year, representing total comprehensive income for the year	**–**	**–**	**–**	**1,074,040**	**1,074,040**
At 31 December 2016	**689,655**	**12,126,905**	**(4,570,095)**	**5,758,271**	**14,004,736**

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.

(D) 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 S$	2015 S$
OPERATING ACTIVITIES		
Profit before tax	**1,342,256**	517,924
Adjustments for:		
Gain on disposal of plant and equipment	**(71,460)**	(22,437)
Write-off of plant and equipment	**–**	931
Depreciation and amortisation expense	**240,587**	251,416
Bank interest income	**(27,780)**	(1,838)
Finance costs	**13,550**	58,192
Bad debts recovered	**(60,732)**	(38,948)
Allowance for doubtful debts	**20,570**	52,621
Recovery of bad debts previously written off	**–**	(75)
Deposit written off	**–**	1,540
Inventory allowance	**8,400**	–
Foreign exchange gain	**(97,013)**	(331,527)
Operating cash flows before movements in working capital	**1,368,378**	487,799
Trade and other receivables	**705,768**	(1,330,861)
Amount due from a related party	**–**	44,860
Inventories	**(227,640)**	89,268
Trade payables	**(437,586)**	354,970
Other payables and accruals	**480,913**	(661,334)
Amount due to related parties	**–**	(348,193)
Cash generated from (used in) operations	**1,889,833**	(1,363,491)
Income tax paid	**(321,454)**	(458,865)
Net cash from (used in) operating activities	**1,568,379**	(1,822,356)
INVESTING ACTIVITIES		
Repayment from a director	**–**	7,006
Placement of pledged bank deposits	**(2,066)**	(372,043)
Purchase of intangible asset	**(25,800)**	–
Purchase of plant and equipment	**(295,398)**	(68,263)
Proceeds from disposal of plant and equipment	**89,979**	15,000
Bank interest received	**2,066**	1,838
Net cash used in investing activities	**(231,219)**	(416,462)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 S$	2015 S$
FINANCING ACTIVITIES		
Issuance of share capital – net of share issue expenses	–	7,746,465
Repayment to directors	–	(1,999)
Repayment of bills payables	–	(909,841)
Obligations under finance lease interest paid	**(13,505)**	(13,886)
Loan interest paid	–	(19,247)
Trade finance interest paid	–	(25,059)
Interest paid (others)	**(45)**	–
Drawdown of bank loan	–	1,000,000
Repayment of bank loan	–	(1,000,000)
Repayment of obligations under finance lease	**(123,589)**	(117,771)
Net cash (used in) from financing activities	**(137,139)**	6,658,662
Net increase in cash and cash equivalents	**1,200,021**	4,419,844
Effect of exchange rate changes	**97,013**	331,527
Cash and cash equivalents, represented by bank and cash balances at 1 January	**9,838,862**	5,087,491
Cash and cash equivalents, represented by bank and cash balances at 31 December	**11,135,896**	9,838,862

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 Room A2, 15/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, 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. Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter jointly controlled the ultimate holding company and are the controlling shareholders of the Group (the "Controlling Shareholders").

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 33.

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

The consolidated financial statements are approved by the Board of Directors of the Company on 21 March 2017.

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 Pte Ltd, 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 Ple Ltd, 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 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

3.1 Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by International Auditing and Assurance Standards Board ("IAASB") for the first time in the current year:

Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

3.2 New and revised IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 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 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

3.2 New and revised IFRSs in issue but not yet effective (continued)

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are required to be 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) nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

3.2 New and revised IFRSs in issue but not yet effective (continued)

Key requirements of IFRS 9 are described below: (continued)

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of IFRS 9 in the future may have a material impact on the measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 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.

In April 2016, the IAASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

3.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

The directors of the Company anticipate that the application of IFRS 15 in the future may have an impact on the amounts reported for the design, fabrication and installation of signages of provisional quantity customer contracts as the timing of revenue recognition may be affected, the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review. In addition, the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessees and lessors. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Distinction of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exception) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows, whereas under the IFRS 16 model, the lease payments will be spilt into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of S$923,631 as disclosed in Note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

3.2 New and revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments applies prospectively for annual periods beginning on or after 1 January 2017, with earlier application permitted.

The management of the Group do not anticipate that the application of these amendments will have a material impact on the Group's 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 Auditing and Assurance 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 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non– controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 consolidated 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.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is earlier.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Revenues is recognised when the amount of revenue can be reliably measured and it is possible that future economic benefits will flow to the Group.

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

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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. Initial direct costs incurred in negotiating and arranging an operating leases are added to the carrying amount of the leased assets.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to defined contribution retirement plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Central Provident Fund

Group's subsidiary in Singapore makes contributions to the Central Provident Fund retirement benefit scheme (the "CPF Scheme") in Singapore, a state-managed retirement benefit scheme operated by the government of Singapore. The subsidiary is required to contribute a specified percentage of payroll costs to the CPF Scheme to fund the benefits. The only obligation of the Group with respect to the CPF Scheme is to make the specified contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs (continued)

Mandatory Provident Fund

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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.

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 in profit or loss 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Financial assets

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

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).

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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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;
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Revenue recognition

The Group typically has been contracted to fabricate, supply and install signage and related replacement of signage under a master purchase contract signed with customers or by specific customer purchase order. These various signage items are separately delivered and installed based on customers timing which is dependent of the customers' project milestone requirements. The installation carried out by the Group are incidental to the sale of the signage.

Management considered the detailed criteria for the recognition of revenue from the sale of goods under a master purchase contract or customer purchase order, set out in IAS 18 Revenue and is satisfied that revenue recognition based on the delivery and installation of each signage item accepted by the customers, meets the requirement of revenue recognition for the sale of goods as the significant risks and rewards have been transferred.

Key sources of estimation uncertainty

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

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. Whenever there is any indication that the assets are impaired, 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 2016 and 2015, the carrying amount of plant and equipment amounted to S$851,384 and S$583,725 respectively.

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 amount recoverable under the credit insurance policy taken by the Group to protect against losses arising from non-payment of trade receivables (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, an impairment loss may arise. As at 31 December 2016 and 2015, the carrying amount of trade receivables of the Group amounted to S$2,120,980 and S$2,860,709 respectively, net of impairment loss recognised of S$21,747 and S$136,867 respectively. The details of allowance provided for on doubtful debts are set out in Note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

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 2016, the carrying amount of inventories amounted to S$745,633 (net of inventory allowance of S$8,400) (31 December 2015: carrying amount of S$526,393, net of inventory allowance of S$Nil).

6. REVENUE AND SEGMENT INFORMATION

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

Information is reported to the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as Group's accounting policies described in Note 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:

	2016	2015
	S$	S$
Public	**8,661,595**	10,214,051
Private	**888,129**	1,170,288
	9,549,724	11,384,339

Entity-wide disclosures

Major customers

Revenue represents sale of signage, bollard, variable-message signs, bus stops, linkways and aluminium railings in Singapore.

No information in respect of revenue 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 (continued)

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

	Year ended 31 December	
	2016	2015
	S$	S$
Customer A	–Note	2,357,858
Customer B	–Note	1,094,105

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

	2016	2015
	S$	S$
Bank interest income	**27,780**	1,838
Government grants	**90,745**	51,925
Rental income under operating lease in respect of subleasing of workshop premises	**98,000**	170,000
Recovery of deposits	–	28,845
Others, comprising mainly sale of scrap	**29,790**	48,345
	246,315	300,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2016	2015
	S$	S$
Allowance for doubtful debts (Note 21)	**(20,570)**	(52,621)
Bad debts recovered (Note 21)	**60,732**	38,948
Recovery of doubtful debts previously written off	**–**	75
Write-off of plant and equipment	**–**	(931)
Gain on disposal of plant and equipment	**71,460**	22,437
Foreign exchange gain	**77,231**	331,527
Deposit written off	**–**	(1,540)
	188,853	337,895

9. SELLING AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2016	2015
	S$	S$
Audit fees	**130,000**	220,000
Staff costs	**1,887,390**	1,628,213
Legal and professional fees	**386,364**	157,757
Depreciation and amortisation expense	**92,752**	91,497
Rental expenses	**134,686**	75,006
Upkeep of equipment and vehicles	**100,594**	110,303
Others, individually immaterial	**480,945**	384,512
	3,212,731	2,667,288

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. OTHER EXPENSES

	Year ended 31 December	
	2016	2015
	S$	S$
Direct attributable expenses in respect of subletting workshop premises	**121,800**	200,200
Listing expenses	**–**	2,434,674
	121,800	2,634,874

11. FINANCE COSTS

	Year ended 31 December	
	2016	2015
	S$	S$
Interests on borrowings wholly repayable within five years:		
– Bank loan	**–**	19,247
– Obligations under finance leases	**13,505**	13,886
– Trade financing	**–**	25,059
Others	**45**	–
	13,550	58,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2016	2015
	S$	S$
Current tax		
– Singapore Corporate Income Tax ("CIT")	**240,000**	367,000
Under (Over) provision in prior years	**24,216**	(59,440)
Deferred tax (Note 26)	**4,000**	40,000
	268,216	347,560

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 30%, 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.

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	
	2016	2015
	S$	S$
Profit before tax	**1,342,256**	517,924
Tax at Singapore CIT of 17%	**228,184**	88,047
Tax effect of expenses not deductible for tax purpose	**123,819**	490,795
Tax effect of income not taxable	**–**	(56,360)
Tax effect of income under tax exemption and rebate	**(45,925)**	(45,925)
Tax effect of enhanced allowance (Note)	**(61,938)**	(110,586)
Under (Over) provision in prior years	**24,216**	(59,440)
Others	**(140)**	41,029
Income tax expense for the year	**268,216**	347,560

Note: Being additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the Productivity and Innovation Credit scheme in Singapore for the Year of Assessment 2015 to Year of Assessment 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROFIT FOR THE YEAR

	Year ended 31 December	
	2016	2015
	S$	S$
Profit for the year has been arrived at after charging:		
Audit fees paid to auditors of the Company:		
– current year	**130,000**	130,000
– prior year	**–**	90,000
Non-audit fees paid to auditors of the Company:		
– current year	**7,200**	75,000
– prior year	**8,000**	–
Depreciation and amortisation expenses	**240,587**	251,416
Inventory allowance	**8,400**	–
Cost of inventories recognised as expenses	**3,647,200**	4,452,995
Listing expense (Note A)	**–**	2,434,674
Directors' fee (Note 14)	**76,135**	30,696
Directors' and chief executive's remuneration (Note 14)	**339,772**	301,207
Other staff costs		
– salaries and other staff costs	**2,484,282**	2,295,563
– contributions to defined contribution plans	**104,087**	90,903
Total staff costs	**2,928,141**	2,687,673
Minimum lease payment under operating lease in respect staff dormitory, office and working premises	**443,190**	451,640

Note A: In prior year, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

For the year ended 31 December 2016

	Executive Directors			Independent Non-Executive Directors			
	Mr. Tan Thiam Kiat Kelvin	Mr. Tan Kwang Hwee Peter	Ms. Liu Qian (Appointed on 12 February 2016)	Mr. Oh Eng Bin (Hu Rongming)	Mr. Tan Kiang Hua	Mdm. Kow Yuen-Ting (Gao Yun Ting)	Total
	S$	S$	S$	S$	S$	S$	S$
Fee	–	–	–	25,378	25,378	25,379	76,135
Salaries and other benefits	127,200	127,200	37,492	–	–	–	291,892
Bonus*	10,000	10,000	–	–	–	–	20,000
Contributions to defined contribution plan	13,940	13,940	–	–	–	–	27,880
	151,140	151,140	37,492	25,378	25,378	25,379	415,907

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 defined contribution plan	10,200	10,200	–	–	–	20,400
	153,807	147,400	10,232	10,232	10,232	331,903

* 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 defined contribution plan are paid for services in connection as management of the Group.

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

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 2 (2015: 2) were directors of the Company during the year ended 31 December 2016 whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2015: 3) individuals were as follows:

	Year ended 31 December	
	2016	2015
	S$	S$
Salaries and other staff costs	**258,669**	251,831
Bonus*	**16,808**	15,402
Contributions to defined contribution plan	**34,668**	19,225
	310,145	286,458

* 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	
	2016	2015
	No. of employees	No. of employees
Nil to HK$1,000,000	**3**	3

During both reporting periods, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. EARNINGS PER SHARE

	Year ended 31 December	
	2016	2015 (Restated)
Profit attributable to the owners of the Company (S$)	**1,074,040**	170,364
Weighted average number of ordinary shares in issue	**3,200,000,000**	2,866,849,312
Basic and diluted earnings per share (S$ cents)	**0.034**	0.006

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 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 31 December 2015 has been restated on the assumption that 2,560,000,000 ordinary shares of the Company had been issued pursuant to the Group Reorganisation which was effective on 1 January 2015.

16. RETIREMENT BENEFITS CONTRIBUTION

The total cost charged to profit or loss of S$131,967 and S$111,303 for the years ended 31 December 2016 and 2015 respectively, represents contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2016 and 2015, contributions of S$46,459 and S$33,139 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.

17. INTANGIBLE ASSET

	Software S$
COST	
Addition and at 31 December 2016	25,800
ACCUMULATED AMORTISATION	
Amortisation for the year and balance at 31 December 2016	(2,867)
CARRYING AMOUNT	
At 31 December 2016	22,933

The intangible asset has finite useful live of 3 years, over which the asset is amortised.

The amortisation expense has been included in the line item "depreciation and amortisation expense" in profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. PLANT AND EQUIPMENT

	Computers S$	Furniture and fittings S$	Office equipment and machinery S$	Renovation S$	Motor vehicles S$	Total S$
COST						
At 1 January 2015	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
Additions	1,283	–	56,000	–	494,201	551,484
Elimination on disposals	–	–	–	–	(296,484)	(296,484)
At 31 December 2016	115,477	2,372	369,049	107,747	1,106,224	1,700,869
ACCUMULATED DEPRECIATION						
At 1 January 2015	(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)
Provided for the year	(38,208)	(474)	(54,788)	(21,550)	(122,700)	(237,720)
Eliminated on disposals	–	–	–	–	250,379	250,379
At 31 December 2016	(97,580)	(1,422)	(212,414)	(55,815)	(482,254)	(849,485)
CARRYING AMOUNTS						
At 31 December 2015	54,822	1,424	155,423	73,482	298,574	583,725
At 31 December 2016	17,897	950	156,635	51,932	623,970	851,384

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
Office equipment and machinery	5 years
Renovation	5 years
Motor vehicles	5 years

Additions to motor vehicles during the year with aggregate cost of S$466,615 (2015: S$102,423) (net of trade-in price of disposed motor vehicles amounting to S$27,586 (2015: S$8,000)) of which S$228,500 (2015: S$81,000) was acquired under finance lease agreements. These constituted as non-cash transaction during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. PLANT AND EQUIPMENT (continued)

Depreciation expense has been included in the profit and loss as follows:

	2016	2015
	S$	S$
Cost of sales	**147,835**	159,919
Selling and administrative expenses	**89,885**	91,497
	237,720	251,416

19. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December	
	2016	2015
	S$	S$
Listed equity securities in Singapore, at fair value	**2,907**	20

The balance represented investment in listed equity securities in Singapore and measured at fair value by reference to quoted prices as at year end. The increase in the carrying value was attributable to the acquisition of listed equity shares as part of the partial settlement of customer balance.

20. INVENTORIES

	At 31 December	
	2016	2015
	S$	S$
Raw material, net of allowance	**201,274**	151,151
Work-in-progress	**502,937**	331,536
Finished goods	**41,422**	43,706
	745,633	526,393

The cost of raw materials recognised as an expense included S$8,400 (2015: S$Nil) in respect of write-down of inventory to net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2016	2015
	S$	S$
Trade receivables	**2,142,727**	2,997,576
Less: allowance for doubtful debts	**(21,747)**	(136,867)
	2,120,980	2,860,709
Retention receivables	**319,168**	374,896
Less: allowance for doubtful debts	**–**	(6,414)
	319,168	368,482
Unbilled receivables	**30,643**	60,096
Purchase advances paid to suppliers	**107,167**	36,863
Receivables from disposals of freehold property (Note)	**200,000**	200,000
Rental and other deposits	**156,598**	151,302
Prepayments	**153,834**	79,431
Other receivables	**26,400**	686
	3,114,790	3,757,569

Note: The amount of S$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 nonsettlement of this amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (continued)

For majority of customers, invoices are issued upon transferred risks and rewards of the products. 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 24) while the revenue will be recognised until goods are delivered and accepted by the counterparties.Trade receivables are generally granted a credit period of 30 to 60 days from the invoice date 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	
	2016	2015
	S$	S$
1–30 days	**1,034,048**	934,725
31–60 days	**523,768**	671,082
61–90 days	**233,195**	366,565
91–180 days	**236,406**	421,899
181–365 days	**74,079**	420,784
Over 365 days	**19,484**	45,654
	2,120,980	2,860,709

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 Group has taken up trade credit insurance to protect against losses arising from non-payment of selected trade receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (continued)

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	
	2016	2015
	S$	S$
Overdue:		
31–60 days	**523,768**	671,082
61–90 days	**233,195**	366,565
91–180 days	**236,406**	421,899
181 days to 365 days	**74,079**	420,784
Over 365 days	**19,484**	45,654
	1,086,932	1,925,984

	At 31 December	
	2016	2015
	S$	S$
Trade receivable impaired:		
Current	**19,047**	–
Past due 61 to 90 days	**1,484**	10,165
Past due > 90 days	**1,216**	106,372
	21,747	116,537

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance on doubtful debts for trade receivables

	At 31 December	
	2016	2015
	S$	S$
At beginning of the year	**136,867**	129,608
Amounts recovered during the year	**(60,732)**	(38,948)
Allowance on doubtful debts recognised in profit or loss (Note)	**20,570**	46,207
Amounts written off	**(74,958)**	–
At end of the year	**21,747**	136,867

Movement in the allowance on doubtful debts for retention receivables

	At 31 December	
	2016	2015
	S$	S$
At beginning of the year	**6,414**	–
Allowance on doubtful debts recognised in profit and loss (Note)	**–**	6,414
Amounts written off	**(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 2016 and 2015, allowance of S$21,747 and S$143,281 respectively was provided for on debts which the counterparts were facing financial difficulties or entering into liquidation process.

22. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

Pledged bank deposits have been pledged as a security for bankers guarantee issued in relation to contracts awarded to the Group. Pledged bank deposits carry prevailing market interest rate ranging from 0.20% to 0.35% and 0.15% to 0.25% per annum as at 31 December 2016 and 2015, respectively.

Bank balances carry interest at fixed rate of 1.78% (31 December 2015: Nil%) per annum as at 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. TRADE PAYABLES

	At 31 December	
	2016	2015
	S$	S$
Trade payables	**607,040**	1,044,626

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	
	2016	2015
	S$	S$
0–30 days	**282,982**	289,267
31–90 days	**78,695**	358,210
Over 90 days	**245,363**	397,149
	607,040	1,044,626

24. OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2016	2015
	S$	S$
Advance billings to customers	**855,182**	560,150
Retention payable to suppliers	**44,602**	48,910
Goods and services tax payable	**107,287**	140,012
Accrued operating expenses	**499,663**	288,556
Accrued staff commission	**29,000**	39,428
Rental deposits received	**15,000**	43,500
Customer deposits received	**64,888**	15,732
Other payables	**7,683**	6,104
	1,623,305	1,142,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. 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 3-5 years (2015: 2-7 years). Interest rates of underlying all obligations under finance leases at the date of inception is 4.0% to 6.4% and 3.0% to 6.9% per annum as at 31 December 2016 and 2015, respectively.

The net carrying value of leased assets used to secure the lease obligations was S$584,450 (2015: S$233,458).

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2016	2015	**2016**	2015
	S$	S$	**S$**	S$
Amounts payable under finance leases:				
Not later than one year	**117,796**	97,380	**103,450**	88,371
Later than one year and not later than two years	**82,652**	127,310	**73,395**	121,853
Later than two years and not later than five years	**147,692**	–	**138,290**	–
	348,140	224,690	**315,135**	210,224
Less: future finance charges	**(33,005)**	(14,466)	**–**	–
Present value of lease obligations	**315,135**	210,224		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(103,450)**	(88,371)
Amount due for settlement after 12 months			**211,685**	121,853

26. DEFERRED TAX LIABILITY

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

	S$
As at 1 January 2015	–
Charged to profit or loss (Note 12)	40,000
As at 31 December 2015	40,000
Charged to profit or loss (Note 12)	4,000
As at 31 December 2016	44,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. 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 2015 represented the share capital of Signmechanic Singapore Pte Ltd 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 Pte Ltd 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. Pursuant to the resolutions in writing of the sole Shareholder passed on 23 June 2015, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares.

On 23 June 2015, the directors of the Company were authorised to capitalise the amount of HK$3,190,000 from the amount standing to the credit of the share premium account of the Company and applying such sum to pay up in full at par 319,000,000 shares for allotment and issue to the Controlling Shareholders.

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 and 80,000,000 new shares) at the price of HK$0.50 per Share. The net proceeds were approximately S$3.81 million.

During August 2016, the ordinary shares of the Company of par value of HK$0.01 each has been sub-divided into eight sub-divided ordinary shares of par value of HK$0.00125 each.

	Number of shares	Par value HK$	Share capital HK$
Authorised share capital of KPM Holding Limited:			
At date of incorporation on 10 March 2015	38,000,000	0.01	380,000
Increase on 23 June 2015	4,962,000,000	0.01	49,620,000
As at 31 December 2015	5,000,000,000	0.01	50,000,000
Sub-division of one share into eight sub-divided shares on 19 August 2016 and at 31 December 2016	40,000,000,000	0.00125	50,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE CAPITAL (continued)

	Number of shares	Share capital S$
Issued and fully paid of Signmechanic Singapore Pte Ltd:		
At 1 January 2015	500,000	500,000
Issued and fully paid of KPM Holding Limited:		
At date of incorporation on 10 March 2015	1	–
Issued during the period	999,999	1,724
Share issued under the capitalisation	319,000,000	550,000
New shares issued on listing	80,000,000	137,931
At 31 December 2015	400,000,000	689,655
Sub-division of one issued share into eight sub-divided share	2,800,000,000	–
At 31 December 2016	3,200,000,000	689,655

28. 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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December	
	2016	2015
	S$	S$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**14,950,358**	14,438,744
Available-for-sale investments	**2,907**	20
	14,953,265	14,438,764
Financial liabilities		
Amortised cost	**1,252,876**	1,443,356

b. Financial risk management objectives and policies

The major financial instruments include trade and other receivables, pledged bank deposits, bank and cash balances, trade payables, other payables and obligations under finance leases. 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.

Market risks

(i) Foreign currency risk

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

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	
	2016	2015	**2016**	2015
	S$	S$	**S$**	S$
Hong Kong Dollars	**4,523,431**	5,203,861	**85,886**	47,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risks (continued)

(i) Foreign currency risk (continued)

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 Dollars, profit will decrease by S$221,877 (2015:S$257,805).

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to pledged bank deposits and bank balances. The cash flow interest rate risk is mainly concentrated on fluctuations associated with 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.

No sensitivity analysis of pledged bank deposits and bank balances 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 2016 and 2015 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

29. 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 2016							
Non-interest bearing instruments							
Trade and other payables		1,252,876	–	–	–	1,252,876	1,252,876
Interest bearing instruments							
Obligations under finance leases	4.0%–6.4%	29,688	29,688	58,420	230,344	348,140	315,135
		1,282,564	29,688	58,420	230,344	1,601,016	1,568,011
At 31 December 2015							
Non-interest bearing instruments							
Trade and other payables		1,443,356	–	–	–	1,443,356	1,443,356
Interest bearing instruments							
Obligations under finance leases	3.0%–6.9%	25,736	25,699	45,945	127,310	224,690	210,224
		1,469,092	25,699	45,945	127,310	1,668,046	1,653,580

Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for approximately 69% (2015: 64%) of the total financial assets as at 31 December 2016 and 2015 respectively.

In order to minimise the credit risk on trade and other receivables, 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. The Group has taken up trade credit insurance to protect against losses arising from non-payment of selected trade receivables. 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 25% and 45% of total trade receivables outstanding at 31 December 2016 and 2015 were due from top 5 trade receivables which exposed the Group to concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. 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 5 banks (2015: 4 financial institutions) 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.

	Fair value as at			Valuation
Financial assets	**31 December 2016**	**31 December 2015**	**Fair value hierarchy**	**technique and key inputs**
Available-for-sale investments	Listed equity securities in Singapore: S$2,907	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

30. 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	
	2016	2015
	S$	S$
Within one year	**325,631**	336,000
In the second to fifth year inclusive	**598,000**	56,000
	923,631	392,000

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	
	2016	2015
	S$	S$
Within one year	**11,667**	60,000
In the second to fifth year inclusive	**–**	11,667
	11,667	71,667

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES

Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties is reflected in these financial statements.

The directors, Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter who are also the controlling shareholders of the ultimate holding company, had jointly and severally provided a personal guarantee in favour of Ethoz Capital Ltd ("Ethoz Capital") to secure the obligations and liabilities of a subsidiary under a loan agreement entered into between this subsidiary 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 this subsidiary.

The loan facility 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.

32. CONTINGENT LIABILITIES

As at 31 December 2016 and 2015, the Group has following contingent liabilities:

	At 31 December	
	2016	2015
	S$	S$
Guarantee provided in respect of performance bonds in favor of customers	**82,260**	143,930

33. PARTICULARS OF SUBSIDIARIES

Particular of the subsidiaries of the Company at 31 December 2016 are as follows:

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest		Held by the Company		Principal activities
			2016	2015	2016	2015	
Sino Promise Investment Limited	British Virgin Islands	US$1	100%	100%	100%	100%	Investment holding
Joyful Passion Limited (Note)	British Virgin Islands	US$1	100%	–	100%	–	Investment holding
Signmechanic Singapore Pte Ltd	Singapore	S$2,000,000	100%	100%	–	–	Design, fabrication, installation and maintenance of signage products

Note: Incorporated during 2016

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. 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	
	2016	2015
	S$	S$
Non-current assets		
Investment in subsidiary	**6,570,096**	6,570,095
Plant and equipment	**1,140**	–
Total non-current assets	**6,571,236**	6,570,095
Current assets		
Prepayment	**122,478**	48,915
Amount due from subsidiary	**34,444**	–
Bank and cash balances	**4,571,562**	5,249,453
Total current assets	**4,728,484**	5,298,368
Current liabilities		
Trade payables	**32,375**	54,140
Accruals	**158,640**	114,007
Amount due to subsidiary	**1,270,203**	1,270,202
Total current liabilities	**1,461,218**	1,438,349
Net current assets	**3,267,266**	3,860,019
NET ASSETS	**9,838,502**	10,430,114
Capital and reserves		
Share capital	**689,655**	689,655
Share premium	**12,126,905**	12,126,905
Accumulated losses	**(2,978,058)**	(2,386,446)
TOTAL EQUITY	**9,838,502**	10,430,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. 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**
Loss for the year, representing total comprehensive loss for the year	**–**	**–**	**(591,612)**	**(591,612)**
At 31 December 2016	**689,655**	**12,126,905**	**(2,978,058)**	**9,838,502**

SUMMARY OF FINANCIAL INFORMATION

31 December 2016

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

	Year ended 31 December			
	2016	2015	2014	2013
	S$	S$	S$	S$
RESULTS				
Revenue	**9,549,724**	11,384,339	11,850,088	7,827,042
Cost of sales	**(5,294,555)**	(6,144,909)	(6,307,276)	(4,952,092)
Gross profit	**4,255,169**	5,239,430	5,542,812	2,874,950
Other income	**246,315**	300,953	208,193	71,198
Other gains and losses	**188,853**	337,895	(109,873)	(263,571)
Selling and administrative expenses	**(3,212,731)**	(2,667,288)	(2,638,320)	(1,800,235)
Other expenses	**(121,800)**	(2,634,874)	(63,250)	–
Finance costs	**(13,550)**	(58,192)	(111,351)	(66,923)
Profit before tax	**1,342,256**	517,924	2,828,211	815,419
Income tax expense	**(268,216)**	(347,560)	(262,996)	(203,938)
Profit for the year	**1,074,040**	170,364	2,565,215	611,481
ASSETS AND LIABILITIES				
Non-current assets	**877,224**	583,745	679,393	578,600
Current assets	**15,956,992**	15,081,431	8,783,427	14,468,073
Current liabilities	**(2,573,795)**	(2,572,627)	(4,293,783)	(7,068,628)
Net current assets	**13,383,197**	12,508,804	4,489,644	7,399,445
Non-current liabilities	**(255,685)**	(161,853)	(155,170)	(135,605)
Net assets	**14,004,736**	12,930,696	5,013,867	7,842,440