

**KPM** HOLDING LIMITED

吉輝控股有限公司\*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

**Interim Report**

**2017**

\* For identification purpose only



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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*This report, for which the directors (the “Directors”) of KPM Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, (2) there are no other matters the omission of which would make any statement herein or this report misleading and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.*

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

For the six months ended 30 June 2017

The Board of Directors (the "Board") of the Company (together with its subsidiaries, the "Group") is pleased to present the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2017 respectively, together with the unaudited comparative figures for the corresponding period in 2016, as follows:

	Note	Three months ended 30 June		Six months ended 30 June	
		2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Revenue	3	2,861,783	2,426,491	6,007,733	5,032,619
Cost of sales		(1,787,985)	(1,137,979)	(3,965,186)	(2,456,938)
<b>Gross profit</b>		<b>1,073,798</b>	1,288,512	<b>2,042,547</b>	2,575,681
Other income	4	26,180	50,136	87,660	105,372
Other gains and losses	5	(1,731,102)	(19,550)	(1,868,458)	(256,253)
Selling and administrative expenses	6	(919,694)	(879,588)	(1,698,073)	(1,543,674)
Other expenses	7	5,750	(33,600)	(14,000)	(79,800)
Finance costs	8	(2,479)	(2,425)	(7,366)	(5,151)
<b>(Loss) Profit before income tax</b>		<b>(1,547,547)</b>	403,485	<b>(1,457,690)</b>	796,175
Income tax expense	9	(53,000)	(91,859)	(92,605)	(223,859)
<b>(Loss) Profit for the period</b>		<b>(1,600,547)</b>	311,626	<b>(1,550,295)</b>	572,316
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value changes on available-for-sale investments, representing other comprehensive income, net of tax		3,651	-	3,651	-
Total comprehensive income for the period		(1,596,896)	311,626	(1,546,644)	572,316
(Losses) Earnings per share (restated) Basic and diluted (S\$ cents) (Note A)	10	(0.050)	0.010	(0.048)	0.018

Note:

- (A) Earnings per share has been adjusted retrospectively for all periods presented to give effect to the share sub division which become effect on 19 August 2016.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 June 2017*

	Note	30 June 2017 S\$ (Unaudited)	31 December 2016 S\$ (Audited)
<b>Non-current assets</b>			
Plant and equipment	12	684,881	851,384
Intangible assets		46,050	22,933
Available-for-sale investments	13	817,600	2,907
<b>Total non-current assets</b>		<b>1,548,531</b>	877,224
<b>Current assets</b>			
Inventories		480,936	745,633
Trade and other receivables	14	3,100,196	3,114,790
Pledged bank deposits		961,122	960,673
Bank and cash balances		9,040,433	11,135,896
<b>Total current assets</b>		<b>13,582,687</b>	15,956,992
<b>Current liabilities</b>			
Trade payables	15	1,171,488	607,040
Other payables and accruals	16	987,899	1,623,305
Obligations under finance leases		76,877	103,450
Income tax payable		231,440	240,000
<b>Total current liabilities</b>		<b>2,467,704</b>	2,573,795
<b>Net current assets</b>		<b>11,114,983</b>	13,383,197
<b>Total assets less current liabilities</b>		<b>12,663,514</b>	14,260,421
<b>Non-current liability</b>			
Obligations under finance leases		172,422	211,685
Deferred tax liability		33,000	44,000
<b>Total non-current liabilities</b>		<b>205,422</b>	255,685
<b>NET ASSETS</b>		<b>12,458,092</b>	14,004,736
<b>Capital and reserves</b>			
Share capital	18	689,655	689,655
Share premium		12,126,905	12,126,905
Merger reserves		(4,570,095)	(4,570,095)
Fair value reserve		3,651	-
Accumulated profits		4,207,976	5,758,271
<b>TOTAL EQUITY</b>		<b>12,458,092</b>	14,004,736

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital S\$	Share premium S\$	Merger reserves S\$	Fair value reserve S\$	Accumulated profits S\$	Total S\$
At 1 January 2016 (Audited)	689,655	12,126,905	(4,570,095)	–	4,684,231	12,930,696
Profit for the period, representing total comprehensive income for the period	–	–	–	–	572,316	572,316
At 30 June 2016 (Unaudited)	689,655	12,126,905	(4,570,095)	–	5,256,547	13,503,012
At 1 January 2017 (Audited)	<b>689,655</b>	<b>12,126,905</b>	<b>(4,570,095)</b>	–	<b>5,758,271</b>	<b>14,004,736</b>
Total comprehensive income for the period						
Loss for the period					(1,550,295)	(1,550,295)
Other comprehensive income:						
Fair value changes on available-for-sale investments, representing total other comprehensive income, net of tax	–	–	–	3,651	–	3,651
Total comprehensive income	–	–	–	3,651	(1,550,295)	(1,546,644)
At 30 June 2017 (Unaudited)	<b>689,655</b>	<b>12,126,905</b>	<b>(4,570,095)</b>	<b>3,651</b>	<b>4,207,976</b>	<b>12,458,092</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	<b>(1,457,690)</b>	796,175
Adjustments for:		
(Gain) Loss on disposal of plant and equipment	<b>(34,220)</b>	14,034
Loss on disposal of available-for-sale investments	<b>653,972</b>	–
Depreciation and amortisation expense	<b>143,606</b>	98,154
Interest income	<b>(11,557)</b>	(124)
Finance costs	<b>7,366</b>	5,151
Allowance (Reversal of) for doubtful debts	<b>9,798</b>	(2,925)
Bad debts recovered	<b>(10,830)</b>	–
Impairment loss of available-for-sale investments	<b>995,627</b>	–
Unrealised foreign exchange loss	<b>254,292</b>	245,144
Operating cash flow before movements in working capital	<b>550,364</b>	1,155,609
Trade receivables and other receivables	<b>(47,622)</b>	1,213,707
Inventories	<b>264,697</b>	(238,854)
Trade payables	<b>566,896</b>	(308,821)
Other payables and accruals	<b>(593,821)</b>	250,630
Cash generated from operations	<b>740,514</b>	2,072,271
Income tax paid	<b>(112,165)</b>	(312,062)
<b>Net cash from operating activities</b>	<b>628,349</b>	1,760,209
<b>INVESTING ACTIVITIES</b>		
Placement of pledged bank deposits	<b>(449)</b>	(338)
Purchase of intangible assets	<b>(32,900)</b>	–
Purchase of property, plant and equipment	<b>(23,100)</b>	(23,227)
Proceeds from disposal of plant and equipment	<b>90,000</b>	21,879
Purchases of available-for-sale financial assets	<b>(2,536,828)</b>	–
Proceeds from disposal of available-for-sale investments	<b>66,315</b>	–
Interest received	<b>36,070</b>	124
<b>Net cash used in investing activities</b>	<b>(2,400,892)</b>	(1,562)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
FINANCING ACTIVITIES		
Finance lease interest paid	(46,619)	(5,151)
Repayment of finance lease obligation	(26,573)	(47,866)
Interest paid	(10)	–
Net cash used in financing activities	(73,202)	(53,017)
Net (decrease) increase in cash and cash equivalents	(1,845,745)	1,705,630
Cash and cash equivalents, represented by bank and cash balances at 1 January	11,135,896	9,838,862
Effect of exchange rate changes	(249,718)	(245,144)
Cash and cash equivalents, represented by bank and cash balances at 30 June	9,040,433	11,299,348

## NOTES TO THE CONDENSED 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 shares of the Company were listed on GEM on 10 July 2015.

The Company is an investment holding company and the principal activities of its operating subsidiary is engaged in the design, fabrication, installation and maintenance of signage and related products.

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

This unaudited condensed consolidated interim financial information was approved by the Board of the Company on 7 August 2017.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosure required by (the GEM Listing Rules).

These condensed consolidated financial statements should be read in conjunction with the Annual Report for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial for the year ended 31 December 2016 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2017 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE AND SEGMENT INFORMATION

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

Information is reported to the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of contracts, i.e. “Public” and “Private” and profit or loss for the year as a whole. No analysis of the Group’s assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity wide disclosures on products, major customers and geographical information are presented in accordance with IFRS 8 Operating Segments.

An analysis of the Group’s revenue provided to the CODM for resource allocation and performance assessment is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Public	2,694,341	2,224,051	5,670,502	4,600,090
Private	167,442	202,440	337,231	432,529
	<b>2,861,783</b>	2,426,491	<b>6,007,733</b>	5,032,619

#### Entity-wide disclosures

##### *Major products*

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

#### Entity-wide disclosures (Continued)

##### Major customers

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

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Customer A	Note	Note	740,144	Note
Customer B	393,472	Note	Note	525,568
Customer C	521,074	Note	Note	Note
Customer D	310,740	Note	Note	Note

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, respectively.

### 4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Bank and financial institution interest income	11,557	–	11,557	124
Government grants	6,481	18,462	50,517	24,172
Rental income under operating lease in respect of subleasing of workshop premises	–	24,500	10,000	68,000
Others	8,142	7,174	15,586	13,076
	26,180	50,136	87,660	105,372

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Reversal of (Allowance for) doubtful debts	263	1,925	(9,798)	2,925
Bad debt recovered	8,513	–	10,830	–
(Loss) Gain on disposal of plant and equipment	–	(4,580)	34,220	(14,034)
Foreign exchange (loss) gain, net	(90,279)	(16,895)	(254,111)	(245,144)
Impairment loss of available-for-sale investments	(995,627)	–	(995,627)	–
Loss on disposal of available-for-sale investments	(653,972)	–	(653,972)	–
	<b>(1,731,102)</b>	<b>(19,550)</b>	<b>(1,868,458)</b>	<b>(256,253)</b>

### 6. SELLING AND ADMINISTRATIVE EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Staff costs	488,354	512,608	962,703	942,175
Audit, legal and professional fees	128,228	172,996	260,547	252,203
Depreciation and amortisation expenses	23,317	22,369	46,635	44,977
Rental expenses	46,392	25,317	90,986	53,650
Upkeep of equipment and vehicles	23,213	25,562	42,722	49,336
Others	210,190	120,736	294,480	201,333
	<b>919,694</b>	<b>879,588</b>	<b>1,698,073</b>	<b>1,543,674</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. OTHER EXPENSES

Other expenses related to direct attributable expenses in respect of subletting workshop premises. The other expenses credit for the three months ended 30 June 2017 was adjustment on the re-allocation of rental expenses upon the expiry of lease term.

### 8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Interests on borrowings wholly repayable within five years:				
– Obligations under finance leases	2,469	2,425	6,276	5,151
– Others	10	–	1,090	–
	<b>2,479</b>	2,425	<b>7,366</b>	5,151

### 9. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Current tax – Singapore Corporate Income Tax ("CIT")	56,000	92,000	121,000	209,000
(Over) Underprovision in prior year	–	(141)	(17,395)	14,859
Deferred tax	(3,000)	–	(11,000)	–
	<b>53,000</b>	91,859	<b>92,605</b>	223,859

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 50%, capped at S\$25,000 and 20%, capped at S\$10,000 for Year of Assessment 2017 and 2018 respectively. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$290,000 of normal chargeable income.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. INCOME TAX EXPENSE (CONTINUED)

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

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
(Loss) Profit before tax	<b>(1,547,547)</b>	403,485	<b>(1,457,690)</b>	796,175
Tax at Singapore CIT of 17%	<b>(263,083)</b>	68,593	<b>(247,807)</b>	135,350
Tax effect of expenses not deductible for tax purpose	<b>352,138</b>	41,100	<b>415,788</b>	103,939
Tax effect of income not taxable	–	(779)	–	(2,386)
Tax effect of income under tax exemption and rebate	<b>(8,982)</b>	(13,981)	<b>(17,963)</b>	(27,963)
Tax effect of enhanced allowance (Note)	<b>(28,839)</b>	(5,174)	<b>(48,968)</b>	(7,767)
(Over) Underprovision in prior year	–	(141)	<b>(17,395)</b>	14,859
Others	<b>1,766</b>	2,241	<b>8,950</b>	7,827
Income tax expense for the period	<b>53,000</b>	91,859	<b>92,605</b>	223,859

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. (LOSSES) EARNINGS PER SHARE

The calculation of the basic (losses) earnings per share is based on the (loss) 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.

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Restated) (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Restated) (Unaudited)
(Loss) Profit attributable to the owners of the Company	<b>(1,600,547)</b>	311,626	<b>(1,550,295)</b>	572,316
Weighted average number of ordinary shares in issue	<b>3,200,000,000</b>	3,200,000,000	<b>3,200,000,000</b>	3,200,000,000
Basic and diluted (losses) earnings per share (S\$ cents)	<b>(0.050)</b>	0.010	<b>(0.048)</b>	0.018

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

### 11. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired assets with aggregate cost of approximately S\$23,100 (2016: approximately S\$23,227).

The Group incurred depreciation expenses for the three months ended 30 June 2017 of S\$66,377 (three months ended 30 June 2016: S\$48,957) and for the six months ended 30 June 2017 of S\$133,823 (six months ended 30 June 2016: S\$98,154).

### 13. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017 S\$ (Unaudited)	31 December 2016 S\$ (Audited)
Listed equity securities in Singapore, at fair value	–	2,907
Listed equity securities in Hong Kong, at fair value	<b>817,600</b>	–
	<b>817,600</b>	2,907

Movement in available-for-sale investments:

	30 June 2017 S\$ (Unaudited)	31 December 2016 S\$ (Audited)
Beginning of the financial period/year	2,907	20
Additions	2,536,828	2,887
Disposals	(720,287)	–
Fair value changes recognised in other comprehensive income	3,651	–
Impairment loss (Note)	(995,627)	–
Exchange differences	(9,872)	–
End of the financial period/year	<b>817,600</b>	2,907

Note: This is included in the "Other gains or losses" line item in the profit or loss of the Group for the financial period ended from 1 January 2017 to 30 June 2017.

For six months ended 30 June 2017, the investment in listed equity securities in Singapore was fully disposed. The shares were acquired through part of the partial settlement of customer balance in the previous financial years.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. TRADE AND OTHER RECEIVABLES

	30 June 2017 S\$ (Unaudited)	31 December 2016 S\$ (Audited)
Trade receivables	2,098,036	2,142,727
Less: allowance for doubtful debts	(20,715)	(21,747)
	<b>2,077,321</b>	2,120,980
Retention receivables	335,135	319,168
Unbilled receivables	–	30,643
Purchase advances paid to suppliers	209,661	107,167
Receivables from disposals of freehold property (Note a)	200,000	200,000
Rental and other deposits	141,950	156,598
Prepayments	123,891	153,834
Other receivables	12,238	26,400
	<b>3,100,196</b>	3,114,790

Note a: 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 non-settlement of this amount.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	<b>30 June 2017 S\$ (Unaudited)</b>	31 December 2016 S\$ (Audited)
1–30 days	<b>857,780</b>	1,034,048
31–60 days	<b>274,762</b>	523,768
61–90 days	<b>299,143</b>	233,195
91–180 days	<b>492,156</b>	236,406
181–365 days	<b>142,059</b>	74,079
Over 365 days	<b>11,421</b>	19,484
	<b>2,077,321</b>	2,120,980

Movement in the allowance on doubtful debts for trade receivables:

	<b>30 June 2017 S\$ (Unaudited)</b>	31 December 2016 S\$ (Audited)
At beginning of the period/year	<b>21,747</b>	136,867
Amounts recovered during the period/year	<b>(10,830)</b>	(60,732)
Increase in allowance on doubtful debts recognised in profit or loss	<b>9,798</b>	20,570
Write-off	–	(74,958)
At end of the period/year	<b>20,715</b>	21,747

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance on doubtful debts for retention receivables:

	<b>30 June 2017 S\$ (Unaudited)</b>	31 December 2016 S\$ (Audited)
At beginning of the period	–	6,414
Increase in allowance on doubtful debts recognised in profit and loss	–	(6,414)
	–	–

### 15. TRADE PAYABLES

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:

	<b>30 June 2017 S\$ (Unaudited)</b>	31 December 2016 S\$ (Audited)
0–30 days	<b>686,422</b>	282,982
31–90 days	<b>419,068</b>	78,695
Over 90 days	<b>65,998</b>	245,363
	<b>1,171,488</b>	607,040

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. OTHER PAYABLES AND ACCRUALS

	30 June 2017 S\$ (Unaudited)	31 December 2016 S\$ (Audited)
Advance billings to customers	265,273	855,182
Retention payable to supplier	56,915	44,602
Goods and services tax payable	114,063	107,287
Accrued operating expenses	379,170	499,663
Accrued staff bonus/commission	40,133	29,000
Rental deposits received	15,000	15,000
Deposit received from customers	115,957	64,888
Other payables	1,388	7,683
	<b>987,899</b>	1,623,305

### 17. RELATED PARTY DISCLOSURES

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

#### Compensation of key management personnel

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

	Three months ended 30 June		Six months ended 30 June	
	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
Short-term benefits	107,196	74,186	181,900	143,436
Post-employment benefits	11,716	6,120	17,836	12,240
Directors fees	20,055	19,469	40,283	35,669
	<b>138,967</b>	99,775	<b>240,019</b>	191,345

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. SHARE CAPITAL

In August 2016, the ordinary shares of the Company of par value of HK\$0.01 each has been subdivided into eight sub-divided ordinary shares of par value of HK\$0.00125 each. Following the completion of the sub-divided exercise, the Company has a total of 3,200,000,000 issued and fully paid shares in its share capital.

	Number of shares	Par value HK\$	Share capital HK\$
Authorised share capital of KPM Holding Limited:			
As at 1 January 2016	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, 1 January 2017 and 30 June 2017	40,000,000,000	0.00125	50,000,000
		<b>Number of shares</b>	<b>Share capital S\$</b>
Issued and fully paid of KPM Holding Limited:			
At 1 January 2016		400,000,000	689,655
Sub-division of one issued share into eight sub-divided share		2,800,000,000	–
At 31 December 2016, 1 January 2017 and 30 June 2017		3,200,000,000	689,655

### 19. CONTINGENT LIABILITIES (SECURED)

The Group has following contingent liabilities:

	30 June 2017 S\$ (Unaudited)	31 December 2016 S\$ (Audited)
Guarantee provided in respect of performance bonds in favor of customers	67,056	82,260

## MANAGEMENT DISCUSSION AND ANALYSIS

### General

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

### FINANCIAL REVIEW

#### Revenue and Results

For the six months ended 30 June 2017, the Group recorded an unaudited revenue of approximately S\$6,008,000 (2016: approximately S\$5,033,000) and loss of approximately S\$1,550,000 (2016: profit of approximately S\$572,000).

Revenue has increased by 19.4% attributable mainly to the higher contribution by approximately S\$1,070,000 from the public sector and set off against lower contribution by approximately S\$95,000 from the private sector. For the six months ended 30 June 2017, the Group has delivered substantial quantities under a high value contract to a key customer which has contributed approximately S\$740,000 or 12.3% of the revenue. For the six months ended 30 June 2016, the total revenue generated from the major customer has only contributed to approximately S\$526,000.

The gross profit for the six months ended 30 June 2017 was approximately S\$2,043,000 (2016: approximately S\$2,576,000). The lower gross profit of approximately S\$533,000 was due to lesser high margin maintenance contracts on hand during the current six months ended 30 June 2017. In addition, the increased competition on new orders have also resulted in lower profit margin for new projects.

Other gains and losses included impairment loss of available-for-sale investments of approximately S\$996,000 and loss on disposal of available-for-sale investments of approximately S\$654,000. On top of that, the amount of approximately S\$254,000 was unrealised foreign exchange loss for cash and cash equivalents and available-for-sale investments of which are denominated in Hong Kong dollars.

Selling and administrative expenses for the six months ended 30 June 2017 was approximately S\$1,698,000 (2016: approximately S\$1,544,000) representing an increase of approximately S\$154,000 or 10% mainly due to higher expenses incurred for higher staff cost, rental expenses and legal and professional fees.

The Group recorded a loss before tax for the six months ended 30 June 2017 of approximately S\$1,458,000 (2016: profit before tax approximately S\$796,000), representing a decrease of S\$2,254,000 or 283% as compared with the corresponding period of last year. Profit before tax for the six months ended 30 June 2017 would have been approximately S\$192,000 assuming that the expenses such as impairment loss available-for-sale investments of approximately S\$996,000 and loss on disposal of available-for-sale investments of approximately S\$654,000 were excluded.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue and Results (Continued)

Loss for the six months ended 30 June 2017 was approximately S\$1,550,000, representing a decrease of S\$2,123,000 or 371% as compared with approximately profit before tax of S\$572,000 for the corresponding period in 2016.

### Liquidity and Financial Resources

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

For the period under review, the cash and cash equivalents of the Group has decreased by approximately S\$1,846,000. This was mainly due to cash use in the Group's investing activities to acquire quoted equity shares classified as available-for-sale investments.

For the six months ended 30 June 2017, the Group has purchased available-for-sale investments of approximately S\$2,537,000 (2016: Nil) for investing activities.

As at 30 June 2017, the Group had cash and cash equivalents of approximately S\$9,040,000 (31 December 2016: approximately S\$11,136,000) 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 and the quoted equity shares available-for-sale investments in Hong Kong Dollars which mainly contributed to an unrealised foreign exchange loss of approximately S\$254,000 (2016: unrealised foreign exchange gain of approximately S\$245,000) as Hong Kong Dollars depreciated against the Singapore Dollars.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **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. Net cash used in investing activities amounted to approximately S\$2,401,000 in which approximately S\$2,537,000 was used for the purposes of available-for-sale investments. There was no plan authorised by the Board for any material investments or additions of capital assets at the date of this interim report.

### **Charges on Group's Assets**

The Group has total present value of minimum lease payments in relation to finance lease, which are secured by the relevant leased motor vehicles amounting to approximately S\$488,000 (31 December 2016: approximately S\$584,000).

### **Contingent liabilities**

As at 30 June 2017, the guarantees in respect of performance bonds in favor of our customers of approximately S\$67,000 (31 December 2016: approximately S\$82,000) is secured by pledged bank deposits.

### **Capital Commitments**

As at 30 June 2017, the Group did not have any capital commitment (31 December 2016: Nil)

## 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\$6,008,000 and S\$5,033,000 for the six months ended 30 June 2017 and 2016, respectively.

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

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

During the current financial period, the business revenue and net loss was approximately S\$6,008,000 and S\$1,550,000 respectively. Despite business revenue having improved by 19.4%, mainly from public sector project, this was offset by higher operating costs of S\$1,663,000, impairment loss of available-for-sale investments by S\$996,000 and loss on disposal of available-for-sale investments by S\$654,000.

### Prospects

Consistent with the outlook shared in the Chairman's Statement in the 2016 Annual Report, the demand in private sector construction activities has declined which would adversely affect the Group's revenue, yet the increased demand in public sector construction, in particular in road infrastructure, is anticipated to present more business opportunity for the Group in due course. The Group will continue to manage its expenditures, review the business strategy constantly and look for other business opportunities to cope with existing market environment in a cautious and prudent manner.



## 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 30 June 2017 is set out below:

Business objectives	Planned expenses (as stated in the Prospectus) in respect of business objectives from the Listing Date to 30 June 2017 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	7.5	2.2	5.3
Expansion via new companies or acquisitions	6.5	–	6.5
Expansion and enhancement of work force to support our business expansion in the existing sector and non-road infrastructure related projects	4.1	0.3	3.8
Working capital and other general corporate purposes	2.0	2.0	–
<b>Total</b>	<b>20.1</b>	<b>4.5</b>	<b>15.6</b>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Employee Information

As at 30 June 2017, the Group had an aggregate of 81 (2016: 77) 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\$1,622,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately S\$1,421,000).

### Event After The Reporting Period

No significant events have taken place subsequent to 30 June 2017.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2017, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director/ chief executive	Nature of interest	Number of shares held	Approximate percentage of issued share capital
<b>Executive Directors:</b>			
Mr. Tan Thiam Kiat Kelvin	Interest of controlled company <sup>(1)</sup>	983,440,000	30.73%
Mr. Tan Kwang Hwee Peter	Interest of controlled company <sup>(1)</sup>	983,440,000	30.73%

Note:

- (1) The entire issued share capital of Absolute Truth Investments Limited is beneficially owned as to 50% by Mr. Tan Thiam Kiat Kelvin and as to 50% by Mr. Tan Kwang Hwee Peter. Under the SFO, each of Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter is deemed to be interested in all the shares held by Absolute Truth Investments Limited. Details of the interest in the Company held by Absolute Truth Investments Limited are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executive of the Company had any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2017, the following substantial shareholders' and other persons' interest and short positions of 5% or more of the issued share capital of the Company were recorded in the register required to be kept under section 336 of Part XV of the SFO:

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

Name of substantial shareholders	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Absolute Truth Investments Limited	Beneficial owner	983,440,000	30.73%
Wang Ya Fei	Beneficial owner	240,000,000	7.50%
Han Dongshen	Beneficial owner	176,000,000	5.50%

Save as disclosed above, as at 30 June 2017, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company, whose interests are disclosed above) who had an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTIONS

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

### DIRECTORS' INTEREST IN COMPETING BUSINESS

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

### COMPLIANCE OF NON-COMPETITION UNDERTAKING

In accordance with the non-competition undertakings set out in the deed of non-competition dated 23 June 2015 entered into by the controlling shareholders, comprising Mr. Tan Thiam Kiat Kelvin, Mr. Tan Kwang Hwee Peter and Absolute Truth Investments Limited, in favour of the Company dated 23 June 2015 ("Deed of Non-Competition"). The controlling shareholders has provided to the Company all information necessary for the annual review by the independent non-executive Directors and the controlling shareholders have confirmed to the Company that they have not breached the terms of the undertakings contained in the Deed of Non-Competition. All independent non-executive Directors confirmed that they are not aware of any non-compliance with the Deed of Non-Competition by the controlling shareholders during the year ended 31 December 2016 and the six months ended 30 June 2017.

Details of the Deed of Non-Competition have been set out in the section headed "Relationship with Controlling Shareholders and Non-Competition Undertakings" of the prospectus of the Company dated 30 June 2015.

### SHARE OPTION SCHEME

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

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Grand Vinco Capital Limited, as at 30 June 2017, 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.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

In the opinion of the Board, the Company has complied with the CG Code for the six months ended 30 June 2017.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code for the six months ended 30 June 2017.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE

Our Group established an audit committee on 23 June 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three independent non-executive Directors namely Mdm. Kow Yuen-Ting (Gao Yun Ting), Mr. Tan Kiang Hua and Mr. Oh Eng Bin (Hu Rongming). Mdm. Kow Yuen-Ting (Gao Yun Ting), a Director with the appropriate professional qualifications, serves as the chairman of the audit committee.

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

The audit committee has reviewed the unaudited results for the six months ended 30 June 2017 and has provided advice and comments thereon.

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

Singapore, 10 August 2017

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