KPM HOLDING LIMITED
吉輝控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

ANNUAL REPORT
2017

* For identification purpose only

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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

INDEPENDENT AUDITOR

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower, The Landmark
The Pedder Street
Central
Hong Kong

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

424 Tagore Industrial Avenue
Sindo Industrial Estate
Singapore 787807

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

Unit 6, 10/F, Wayson Commercial Building
28 Connaught Road West
Sheung Wan
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 2017.

PERFORMANCE

For the year ended 31 December 2017, the Group recorded a 34.5% increase in revenue from approximately S$9,550,000 in 2016 to approximately S$12,847,000 in 2017. Gross profit and loss for the year of the Group were approximately S$5,565,000 (2016: approximately S$4,255,000) and approximately S$200,000 (2016: profit for the year approximately S$1,074,000) respectively.

Revenue had increased by approximately 34.5% or S$3,298,000, attributable to higher revenue of approximately S$3,181,000 from the public sector and S$117,000 from the private sector. The gross profit margin decreased slightly from 44.6% for the year ended 31 December 2016 to 43.3% for the year ended 31 December 2017. Loss after tax for the year ended 31 December 2017 was approximately S$200,000 as compared with profit after tax of approximately S$1,074,000 for the year ended 31 December 2016. Profit before tax for the year ended 31 December 2017 would have been approximately S$1,569,000 assuming that loss on disposal of available-for-sale investments of approximately S$1,411,000 were excluded.

OUTLOOK

According to the release by Ministry of Trade and Industry Singapore on 2 January 2018, the growth in the construction sector contracted by 8.3 percentage points to negative 8.1 percentage points in 2017 from 0.2 percentage points in 2016, primarily due to the weakness in private sector construction activities.

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, 20 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2017, the Group recorded revenue of approximately S$12,847,000 (2016: approximately S$9,550,000) and loss for the year of approximately S$200,000 (2016: profit for the year of approximately S$1,074,000).

Revenue had increased by approximately 34.5% or S$3,298,000, attributable to higher revenue of approximately S$3,181,000 from the public sector and S$117,000 from the private sector. For the year ended 31 December 2017, the Group has delivered substantial quantities under few high value contracts to a few major customers who had contributed approximately S$4,140,000 or 32.2% of the revenue. These customers had only contributed approximately S$1,474,000 or 15.4% of the revenue for the year ended 31 December 2016.

The gross profit and gross profit margin for the year ended 31 December 2017 was approximately S$5,565,000 (2016: approximately S$4,255,000) and approximately 43.3% (2016: approximately 44.6%) respectively. The higher gross profit by approximately S$1,310,000 was mainly due to higher revenue.

Other gains and losses included loss on disposal of available-for-sale investments of approximately S$1,411,000 after the Group disposed off the available-for-sale investments during the year ended 31 December 2017. The Group also recorded approximately S$497,000 foreign exchange loss which was mainly arise from cash and cash equivalents denominated in Hong Kong dollars which was depreciating against Singapore dollars.

Selling and administrative expenses for the year ended 31 December 2017 was approximately S$3,608,000, (2016: approximately S$3,213,000) representing an increase of approximately S$395,000 or 12.3% mainly due to higher expenses incurred for staff costs, legal and professional fees and advertisement expenses.

The Group recorded a profit before tax for the year ended 31 December 2017 of approximately S$158,000 (2016: approximately S$1,342,000), representing a decrease of approximately S$1,184,000 or 88.2% as compared with the last financial year. Profit before tax for the year ended 31 December 2017 would have been approximately S$1,569,000 assuming that loss on disposal of available-for-sale investments of approximately S$1,411,000 were excluded.

The Group recorded income tax of approximately S$359,000 for the year ended 31 December 2017 despite the loss position as the expenses such as the loss on disposal of the available-for-sale investments is not tax deductible.

Loss for the year ended 31 December 2017 was approximately S$200,000, representing a decrease of S$1,274,000 as compared with profit of approximately S$1,074,000 for the year ended 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

For the year ended 31 December 2017, the cash and cash equivalents of the Group has decreased by approximately S$476,000. This was mainly due to a net cash flow arising from the purchase and sale of the Group's available-for-sale investments of approximately S$1,409,000 and approximately S$106,000 repayment of obligations under finance lease, offset by net cash generated from operating activities of approximately S$1,141,000.

At 31 December 2017, the Group had cash and cash equivalents of approximately S$10,321,000 (2016: approximately S$11,136,000) which were placed with major banks in Singapore and Hong Kong.

As at 31 December 2017, the Group's borrowings comprised the obligations under finance lease of approximately S$267,000 (2016: approximately S$315,000).

FOREIGN EXCHANGE EXPOSURE

The Group transacts mainly in Singapore Dollars, which is the functional currency of the Group. However, the Group had incurred an unrealised foreign exchange loss of approximately S$497,000 mainly due to the Group retains the proceeds from placement in Hong Kong Dollars which was depreciated against the Singapore Dollars.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held as at 31 December 2017.

During the year ended 31 December 2017, net cash used in investing activities amounted to approximately S$1,498,000 which approximately S$2,838,000 was used for purchases of available-for-sale investments offset with approximately S$1,429,000 proceeds from disposal of available-for-sale investments. Having regard to the volatile market conditions and trading prices of the available-for-sale investments, all available-for-sale investments were fully disposed of during the year ended 31 December 2017 in order to limit further potential loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the available-for-sale investments, representing listed equity securities in Hong Kong and Singapore, purchased and disposed by the Group during the year ended 31 December 2017 are as follows:

Stock code	Number of shares acquired	Number of shares held as at 31 December 2017	Investment cost (S$)	Proceeds from disposal (S$)	Loss on disposal (S$)	Dividend received during the year (S$)
802.HK (Note 1)	7,140,000	Nil	720,506	286,187	434,319	Nil
1327.HK (Note 2)	43,752,000	Nil	602,427	271,006	331,421	Nil
1027.HK (Note 3)	15,100,000	Nil	641,385	42,262	599,123	Nil
Other listed equity securities			876,142	829,836	46,306	Nil
Total			2,840,460	1,429,291	1,411,169	

Notes:

1. China e-Wallet Payment Group Limited is principally engaged in the provision of biometric and RFID products and solution services, internet and mobile application and related services.

2. Time2U International Holding Limited is principally engaged in the manufacture and sales of own-branded watches, OEM watches and third-party watches.

3. China Jicheng Holdings Limited is principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas and umbrella parts such as plastic cloth and shaft to its customers.

There were no any material acquisitions and disposals of subsidiaries during the year ended 31 December 2017. 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 2017, the Group's obligations under finance lease are secured by the lessor's title to the relevant leased motor vehicles and office equipment with the aggregate carrying values amounting to approximately S$437,000 (2016: approximately S$584,000).

CONTINGENT LIABILITIES

As at 31 December 2017, the guarantees in respect of performance bonds in favour of our customers was approximately S$23,000, which is secured by pledged bank deposits (2016: approximately S$82,000).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

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

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 2017 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 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	8.2	4.9	3.3
Expansion via new companies or acquisitions	8.2	–	8.2
Expansion and enhancement of work force to support our business expansion in the existing sector and non-road infrastructure related projects	4.7	1.0	3.7
Working capital and other general corporate purposes	2.3	2.3	–
Total	23.4	8.2	15.2

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.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

As at 31 December 2017, the Group had an aggregate of 82 (2016: 78) 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$3,530,000 for the year ended 31 December 2017 (2016: approximately S$2,928,000).

BUSINESS REVIEW

Revenue comprised of revenue from the sales of signage and related products in both the public and private sectors in Singapore, which amounted to approximately S$12,847,000 and S$9,550,000 for the year ended 31 December 2017 and 2016, 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 loss was approximately S$12,847,000 and S$200,000 respectively. Despite business revenue having improved by 34.5%, mainly from public sector projects, this was offset by higher operating costs of approximately S$2,383,000 and loss on disposal of available-for-sale investments by approximately S$1,411,000.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Tan Thiam Kiat Kelvin (陳添吉), age 45, 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 50, 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.

Ms. Kong Weishan (孔維姍), aged 35, 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Oh Eng Bin (Hu Rongming) (胡榮明), age 44, 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, Weiye Holding Limited and Sapphine Corp Limited, these 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 57, was appointed as an independent non-executive Director on 23 June 2015. He is currently the chairman of the remuneration committee and a member of the audit and nomination committees.

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

Mdm. Kow Yuen-Ting (Gao Yun Ting) (郜韵婷), age 40, 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 15 years of experience in accounting and finance.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Mr. Soh Chiau Kim (蘇招金), age 38, 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 29, 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 11 of this report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance is a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 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 2017. Details of the Group's corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 14 to 22 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 (the "Model Code"). Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2017.

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 2017, the Board held 5 board meetings and 1 general meeting and the attendance of each Director is set out as follows:

Directors	Attendance of Board meetings	Attendance of Annual general meeting
Executive Directors		
Mr. Tan Thiam Kiat Kelvin	5/5	1/1
Mr. Tan Kwang Hwee Peter	5/5	1/1
Ms. Liu Qian (Resigned on 25 January 2017)	0/5	0/1
Ms. Kong Weishan (Appointed on 25 January 2017)	5/5	1/1
Independent non-executive Directors		
Mr. Oh Eng Bin (Hu Rongming)	5/5	1/1
Mr. Tan Kiang Hua	5/5	1/1
Mdm. Kow Yuen-Ting (Gao Yun Ting)	5/5	1/1

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

Each of the executive Directors has entered into a service contract with the Company with an initial term of three years commencing from the execution date. Each of the independent non-executive Directors have signed a letter of appointment with the Company with a term of two years commencing from the execution date. 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. Such retiring Director shall be eligible for re-election.

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.

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

Any newly appointed Director will be given briefings on the business activities of the Group, its strategic directions, governance practices and Director's duties and obligations. 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.

All Directors confirmed that they have participated in continuous professional development during the year ended 31 December 2017 by reading relevant articles and materials and attending seminars, courses or conferences to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE REPORT

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 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.

During the year ended 31 December 2017, 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 following is a summary of work performed by the audit committee during the year ended 31 December 2017:

(i) reviewed the Group's annual financial results for 2016, and the Group's quarterly and half-yearly financial results for 2017;

(ii) reviewed in detail, with both management and the external auditors (a) the approach and methodology applied with respect to matters subject to external audit for the financial year ended 2016; and (b) significant findings of the external auditors pursuant to such external audit and management's response to external auditors' recommendations in respect of such findings;

(iii) reviewed in detail, with both management and the internal auditors (a) the approach and methodology applied with respect to matters subject of internal audit by internal auditor in the course of 2017; and (b) significant findings of the internal auditors pursuant to such internal audit and management's response to internal auditors' recommendations in respect of such findings;

(iv) reviewed the change of external auditor and terms of engagement; and

(v) reviewed the external auditors' independence.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company established a remuneration committee on 23 June 2015 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1.2 of the CG Code 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:

(i) making recommendations to the Board 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 the Directors and senior management; and

(iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

During the year ended 31 December 2017, the remuneration committee held 1 meeting 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)*	1/1
Mr. Oh Eng Bin (Hu Rongming)	1/1
Mdm. Kow Yuen-Ting (Gao Yun Ting)	1/1

During the year ended 31 December 2017, the remuneration committee has reviewed the Group's overall remuneration practices and scale and other remuneration-related matters. It also deliberated on matters relating to the payment of discretionary bonuses and has reviewed of the remuneration packages of the Directors and senior management.

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 CG Code 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 review the structure, size, composition and diversity of the Board, assess the independence of independent non-executive Directors and make recommendations to the Board to fill vacancies of the Board.

The Company has adopted a board diversity policy. The Company seeks to achieve Board diversity through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

During the year ended 31 December 2017, the nomination committee held 1 meeting 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)*	1/1
Mr. Tan Kiang Hua	1/1
Mdm. Kow Yuen-Ting (Gao Yun Ting)	1/1

During the year ended 31 December 2017, the nomination committee has recommended to the Board to appoint Ms. Kong Weishan as executive Director, reviewed the Board composition and the independence of independent non-executive Directors.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions as set out in code provision D.3.1 of the CG Code.

During the year ended 31 December 2017, the Board has reviewed and monitored the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's code of conduct and the compliance with the CG Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration and the five highest paid employees for the year ended 31 December 2017 are set out in note 13 to the consolidated financial statements in this annual report.

The remuneration of the members of the senior management (other than the Directors), whose particulars are contained in the section headed "Directors and Senior Management Profile" of the annual report, for the year ended 31 December 2017 by band is set out below:

Remuneration band	Number of individuals
Nil to HK$1,000,000	1

AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's external auditors, HLB Hodgson Impey Cheng Limited, for the year ended 31 December 2017, is set out as follows:

	Fees paid/ payable S$
Annual audit services	103,000

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

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 internal auditor, 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 2017 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 2017, the management presented 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 2017 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 the management, internal and external audits performed by internal and external auditors and external certifications by external certification centers.

CORPORATE GOVERNANCE REPORT

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 2017.

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 2017.

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. The Board and the external auditor are present to address shareholders' queries.

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 extraordinary general meeting ("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 Unit 6, 10/F, Wayson Commercial Building, 28 Connaught Road West, Sheung Wan, 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).

CORPORATE GOVERNANCE REPORT

Right to Put Enquiries to the Board

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

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2017, 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.

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 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 2017, 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 Auditors' 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 2017.

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 32 to the consolidated financial statements in this annual 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 and the Management Discussion and Analysis in the annual report.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 December 2017 is set out in the consolidated statement of profit or loss and other comprehensive income on page 36 of this report and the financial position of the Group as at 31 December 2017 are set out in the consolidated statement of financial position on page 37 of this report. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the annual report. The summary does not form part of the audited financial statements.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 December 2017, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings except as disclosed in note 31 to the consolidated financial statements in this annual report.

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 2017 are set out in note 16 to the consolidated financial statements.

BANK BORROWINGS

As at 31 December 2017, the Group did not have any bank borrowings except for the obligations under finance leases as set out in note 24 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2017 are set out in note 26 to the consolidated financial statements in this report.

USE OF PROCEEDS FROM THE PLACING OF SHARES

As at 31 December 2017, the Company has not yet utilised the net proceeds of approximately HK$15.2 million (approximately S$2.7 million) raised from the placing in accordance with the intended use of proceeds set out in the Prospectus. Details of the intended uses and utilised amount are set out on page 9 of this annual report.

RESERVES

Details of change in reserves of the Group and the Company are set out on page 39 of the consolidated statement of changes in equity and page 89 of this report respectively.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

The Company may pay dividends out of the share premium account provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 31 December 2017, the Company had distributable reserves amounting to S$12,126,905.

CHARITABLE CONTRIBUTIONS

Charitable contributions made by the Group during the year ended 31 December 2017 amounted to S$1,000 (2016: S$1,500).

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2017.

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 2017, sales to the Group's five largest customers accounted for approximately 32.2% of total sales and sales to the largest customer included therein amounted to approximately 9.1% of total sales. The Group's five largest suppliers accounted for approximately 31.1% of total purchases during the year ended 31 December 2017 and purchases from the largest supplier included therein amounted to approximately 10.3% 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 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a responsible corporation, the Group endeavours to protect the environment, promote environmental and social responsibility to employees and contribute to the community. The Group reviews its environmental practices from time to time and considers implementing further eco-friendly measures and practices in our daily operation. In terms of social responsibilities, the Group pays close attention to the employees' occupational health and safety and is constantly looking for opportunities to contribute to the balanced development of society.

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 ended 31 December 2017, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the 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 2017 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 – 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 three years commencing from 10 July 2015. Ms. Kong Weishan has a service contract with the Company for a fixed term of three years commencing on 25 January 2017. The service contracts 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

Each of the independent non-executive Directors has renewed a letter of appointment with the Company for a term of one year commencing from 10 July 2017 subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

All Directors are subject to retirement by rotation pursuant to the articles of association of the Company.

No Director proposed for re-election at the forthcoming annual general meeting 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 13 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on page 11 to page 13 of this annual report.

DIRECTORS' 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 2017.

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 2017.

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 2017.

REPORT OF THE DIRECTORS

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

As at 31 December 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 the issued share capital
Executive Directors:			
Mr. Tan Thiam Kiat Kelvin	Interest of controlled company(1)	983,440,000	30.73%
Mr. Tan Kwang Hwee Peter	Interest of controlled company(1)	983,440,000	30.73%

Notes:

(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.

Save as disclosed above, as at 31 December 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.

REPORT OF THE DIRECTORS

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

As at 31 December 2017, the following substantial shareholders' and other persons' interests 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 shareholder	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 31 December 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.

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 year ended 31 December 2017.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on page 14 to page 22 of the annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman 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, Vinco Capital Limited, as at 31 December 2017, save for the compliance adviser agreement dated 19 July 2015 entered into between the Company and Vinco Capital Limited, neither 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.

REPORT OF THE DIRECTORS

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.

AUDITORS

HLB Hodgson Impey Cheng Limited ("HLB") has been appointed as auditor of the Company by the board with effect from 22 December 2017 to fill the casual vacancy following the resignation of Deloitte & Touche LLP and to hold office until the conclusion of the forthcoming annual general meeting to re-appoint HLB as auditor of the Company.

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

Singapore, Date: 20 March 2018

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF KPM HOLDING LIMITED

(Incorporated in the 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 36 to 89, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, 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 Accounting Standards Board ("IASB") 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 Hong Kong Standards on Auditing ("HKSAs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the the 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 AUDITORS' REPORT

Key Audit Matter

Recoverability of trade receivables

The carrying amount of the Group's trade receivables as at 31 December 2017 was S$2,510,876, net of allowance for doubtful debts of S$89,673.

We identified the valuation of trade receivables as a key audit matter as the Group has significant trade receivables with customers as at 31 December 2017. 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 20 to the consolidated financial statements and the accounting policies on pages 74 to 77.

How our audit addressed the key audit matter

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;
- On sampling basis, assessing the recoverability of receivables 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, 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.

We considered the management conclusion to be consistent with the available information.

INDEPENDENT AUDITORS' REPORT

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements 21 March 2017.

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 ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do 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 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 AUDIT COMMITTEE 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 ("IFRSs") issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. 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.

Audit Committee is 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 AUDITORS' REPORT

As part of an audit in accordance with HKSAs, 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 auditors' 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 auditors' 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 Audit Committee 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 AUDITORS' REPORT

We also provide Audit Committee 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 Audit Committee, 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 auditors' 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 director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 20 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 S$	2016 S$
Revenue	5	**12,847,395**	9,549,724
Cost of sales		**(7,282,418)**	(5,294,555)
Gross profit		**5,564,977**	4,255,169
Other income	6	**189,363**	246,315
Other gains and losses	7	**(1,959,625)**	188,853
Selling and administrative expenses	8	**(3,608,239)**	(3,212,731)
Other expense	9	**(14,000)**	(121,800)
Finance cost	10	**(13,981)**	(13,550)
Profit before income tax		**158,495**	1,342,256
Income tax	11	**(358,605)**	(268,216)
(Loss)/profit for the year	12	**(200,110)**	1,074,040
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**35,178**	–
Other comprehensive income, net of tax		**35,178**	–
Total comprehensive (loss)/income for the year, attributable to owners of the Company		**(164,932)**	1,074,040
(Loss)/earnings per share			
Basic and diluted (S$ cents)	14	**(0.006)**	0.034

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	31 December 2017 S$	31 December 2016 S$
ASSETS			
Non-current assets			
Plant and equipment	16	**759,019**	851,384
Intangible asset	17	**36,266**	22,933
Available-for-sale investments	18	**–**	2,907
Total non-current assets		**795,285**	877,224
Current assets			
Inventories	19	**455,329**	745,633
Trade and other receivables	20	**3,571,635**	3,114,790
Pledged bank deposits	21	**963,360**	960,673
Bank and cash balances	21	**10,320,566**	11,135,896
Total current assets		**15,310,890**	15,956,992
Total assets		**16,106,175**	16,834,216
Current liabilities			
Trade payables	22	**580,150**	607,040
Other payables and accruals	23	**998,738**	1,623,305
Obligations under finance leases	24	**83,888**	103,450
Income tax payable		**392,000**	240,000
Total current liabilities		**2,054,776**	2,573,795
Net current assets		**13,256,114**	13,383,197
Total assets less current liabilities		**14,051,399**	14,260,421
Non-current liabilities			
Obligations under finance leases	24	**183,595**	211,685
Deferred tax liability	25	**28,000**	44,000
Total non-current liabilities		**211,595**	255,685
NET ASSETS		**13,839,804**	14,004,736

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	**31 December 2017 S$**	31 December 2016 S$
Capital and reserves			
Share capital	26	**689,655**	689,655
Share premium		**12,126,905**	12,126,905
Merger reserves		**(4,570,095)**	(4,570,095)
Currency translation reserve		**35,178**	–
Accumulated profits		**5,558,161**	5,758,271
TOTAL EQUITY		**13,839,804**	14,004,736

The consolidated financial statements on pages 36 to 89 were approved and authorised for issue by the Board of Directors on 20 March 2018 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 2017

	Share capital	Share premium (Note A)	Merger reserves (Note B)	Currency translation reserve	Retained earnings	Total
	S$	S$	S$	S$	S$	S$
At 1 January 2016	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 and 1 January 2017	689,655	12,126,905	(4,570,095)	–	5,758,271	14,004,736
Loss for the financial year	–	–	–	–	(200,110)	(200,110)
Other comprehensive income:						
Foreign currency translation	–	–	–	35,178	–	35,178
Total comprehensive income	–	–	–	35,178	(200,110)	(164,932)
At 31 December 2017	689,655	12,126,905	(4,570,095)	35,178	5,558,161	13,839,804

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 on 23 June 2015 and the total par value and share premium amount of the shares issued.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 S$	2016 S$
OPERATING ACTIVITIES			
Profit before tax		**158,495**	1,342,256
Adjustments for:			
Gain on disposal of plant and equipment	7	**(36,360)**	(71,460)
Loss on disposal of available for sales financial assets	7	**1,411,169**	–
Plant and equipment written off	7	**6,975**	–
Depreciation and amortisation expenses	12	**287,407**	240,587
Interest income	6	**(12,996)**	(27,780)
Finance costs	9	**13,981**	13,550
Allowance for doubtful debts	20	**100,073**	20,570
Bad debts recovered	20	**(19,377)**	(60,732)
Inventory allowance	19	**–**	8,400
Foreign exchange loss/(gain)	7	**497,325**	(97,013)
Operating cash flow before movements in working capital		**2,406,692**	1,368,378
Trade and other receivables		**(698,022)**	705,768
Inventories		**290,304**	(227,640)
Trade payables		**(20,405)**	(437,586)
Other payables and accruals		**(614,537)**	480,913
Cash generated from operations		**1,364,032**	1,889,833
Income tax paid		**(222,605)**	(321,454)
Net cash from operating activities		**1,141,427**	1,568,379
INVESTING ACTIVITIES			
Placement of pledged bank deposits		**(2,687)**	(2,066)
Purchase of intangible assets	17	**(32,900)**	(25,800)
Purchase of plant and equipment	16	**(184,657)**	(295,398)
Proceeds from disposal of plant and equipment		**92,140**	89,979
Purchases of available-for-sale financial assets	18	**(2,837,553)**	–
Proceeds from disposal of available-for-sale financial assets		**1,429,291**	–
Interest received		**38,451**	2,066
Net cash used in investing activities		**(1,497,915)**	(231,219)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 S$	2016 S$
FINANCING ACTIVITIES		
Repayment of obligations under finance lease	**(105,508)**	(123,589)
Finance lease interest paid	**(13,958)**	(13,505)
Other interest paid	**(23)**	(45)
Net cash used in financing activities	**(119,489)**	(137,139)
Net (decrease)/increase in cash and cash equivalents	**(475,977)**	1,200,021
Cash and cash equivalents, represented by bank and cash balances at 1 January	**11,135,896**	9,838,862
Effect of exchange rate changes	**(339,353)**	97,013
Cash and cash equivalents, represented by bank and cash balances at 31 December	**10,320,566**	11,135,896

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. With effective from 13 October 2017, the principal place of business in Hong Kong registered is Unit 6, 10/F, Wayson Commercial Building, 28 Connaught Road West, Sheung Wan, 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 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 32.

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 20 March 2018.

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

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

In the current year, the Group has applied a number of amendment to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities are mainly from obligations under finance leases. A reconciliation between the opening and closing balances of these items is provided in note 24. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 Amendments to IFRSs that are mandatorily effective for the current year (continued)

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the management has already assessed the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to IFRSs 2014-2016 Cycle

The Group has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 2.2).

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[2]
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 9	Prepayment Features with Negative Compensation[2]
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 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle[2]

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 2021.

Except for the new and amendments to IFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

IFRS 9 "Financial Instruments"

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9:

- 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") (continued)

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

***IFRS 9 "Financial Instruments"* (continued)**

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.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of IFRS 9:

Classification and measurement

Unlisted shares classified as available-for-sale financial assets carried at fair value as disclosed in note 18, these shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on rental and other receivables and fixed deposits with financial institutions. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") (continued)

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

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

During the year, the Group performed a preliminary assessment on the impact of the adoption of IFRS 15 which is subject to changes arising from a more detailed ongoing analysis. Contract that contains two or more performance obligations would be accounted for separately and this might have an impact on the pattern of revenue and profit recognition. The Group also expects a change in presentation to show refund liability separately from the asset recoverable for estimated sales returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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 2017, the Group has non-cancellable operating lease commitments of S$628,847 as disclosed in note 29. 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 management completes a detailed review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

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

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM 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;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Merger accounting for business combination involving entities under common control (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessor

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of each reporting period.

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible and intangible assets (continued)

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

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

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

3. 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 "fair value 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

Derecognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Key sources of estimation uncertainty (continued)

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 2017 and 2016, the carrying amount of plant and equipment amounted to S$759,019 and S$851,384 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 2017 and 2016, the carrying amount of trade receivables of the Group amounted to S$2,510,876 and S$2,120,980 respectively, net of impairment loss recognised of S$89,673 and S$21,747 respectively.

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 2017 and 2016, the carrying amount of inventories amounted to S$455,329 (net of inventory allowance of S$8,400) and S$745,633 (net of inventory allowance of S$8,400) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. 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 3. 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:

	2017 **S$**	2016 S$
Public	**11,842,152**	8,661,595
Private	**1,005,243**	888,129
	12,847,395	9,549,724

Entity-wide disclosures

Major customers

No customer individually contributed over 10% of 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.

6. OTHER INCOME

	2017 **S$**	2016 S$
Bank interest income	**12,996**	27,780
Government grants	**73,266**	90,745
Rental income under operating lease in respect of subleasing of workshop premises	**10,000**	98,000
Unclaimed payables	**52,557**	–
Others	**40,544**	29,790
	189,363	246,315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2017	2016
	S$	S$
Allowance for doubtful debts (Note 20)	**(100,073)**	(20,570)
Bad debt recovered (Note 20)	**19,377**	60,732
Gain on disposal of plant and equipment	**36,360**	71,460
Foreign exchange (loss)/gain, net	**(497,145)**	77,231
Loss on disposal of available for sales financial assets	**(1,411,169)**	–
Plant and equipment written off	**(6,975)**	–
	(1,959,625)	188,853

8. SELLING AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2017	2016
	S$	S$
Staff costs	**1,967,763**	1,887,390
Audit, legal and professional fees	**538,083**	516,364
Advertisement expenses	**256,834**	2,889
Depreciation and amortisation expenses	**88,410**	92,752
Rental expenses	**169,482**	134,686
Upkeep of equipment and vehicles	**95,446**	100,594
Others	**492,221**	478,056
	3,608,239	3,212,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. OTHER EXPENSES

Other expenses related to direct attributable expenses in respect of subletting workshop premises.

10. FINANCE COSTS

	Year ended 31 December	
	2017	2016
	S$	S$
Interests on borrowings wholly repayable within five years:		
– Obligations under finance leases	**13,958**	13,505
– Others	**23**	45
	13,981	13,550

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	S$	S$
Current tax – Singapore Corporate Income Tax (“CIT”)	**392,000**	240,000
(Over)/under provision in prior years	**(17,395)**	24,216
Deferred tax (Note 25)	**(16,000)**	4,000
	358,605	268,216

Singapore CIT is calculated at 17% of the estimated assessable profit, and is 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 CONSOLIDATED FINANCIAL STATEMENTS

11. INCOME TAX EXPENSE (continued)

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

	Year ended 31 December	
	2017	2016
	S$	S$
Profit before tax	**158,495**	1,342,256
Tax at Singapore CIT of 17%	**26,944**	228,184
Tax effect of expenses not deductible for tax purpose	**536,759**	123,819
Tax effect of income under tax exemption and rebate	**(35,925)**	(45,925)
Tax effect of enhanced allowance (Note)	**(149,469)**	(61,938)
(Over)/under provision in prior years	**(17,395)**	24,216
Others	**(2,309)**	(140)
Income tax expense for the period	**358,605**	268,216

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. (LOSS)/PROFIT FOR THE YEAR

	Year ended 31 December	
	2017	2016
	S$	S$
(Loss)/profit for the year has been arrived at after charging:		
Audit fees paid to auditor of the Company:		
– current year	**103,000**	130,000
Non-audit fees paid to auditor of the Company:		
– current year	**–**	7,200
– prior year	**–**	8,000
Depreciation and amortisation expenses	**287,407**	240,587
Inventory allowance	**–**	8,400
Cost of inventories recognised as expenses	**5,145,203**	3,647,200
Directors' fee (note 13)	**79,388**	76,135
Directors' and chief executive's remuneration (note 13)	**344,936**	339,772
Other staff costs		
– salaries and other staff costs	**3,082,027**	2,484,282
– contributions to defined contribution plans	**102,610**	104,087
Minimum lease payment under operating lease in respect staff dormitory, office and working premises	**441,231**	443,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Fee S$	Salaries and other benefits S$	Bonus S$	Contributions to defined contribution plan S$	Total S$
For the year ended 31 December 2017					
Executive directors:					
Mr. Tan Thiam Kiat Kelvin	–	127,200	10,000	13,940	151,140
Mr. Tan Kwang Hwee Peter	–	127,200	10,000	13,940	151,140
Ms. Liu Qian (Resigned on 25 January 2017)	–	3,008	–	–	3,008
Kong Weishan (Appointed on 25 January 2017)	–	39,648	–	–	39,648
	–	297,056	20,000	27,880	344,936
Independent non-executive directors					
Mr. Oh Eng Bin (Hu Rongming)	26,463	–	–	–	26,463
Mr. Tan Kiang Hua	26,463	–	–	–	26,463
Mdm. Kow Yuen-Ting (Gao Yun Ting)	26,462	–	–	–	26,462
	79,388	–	–	–	79,388
	79,388	297,056	20,000	27,880	424,324
For the year ended 31 December 2016					
Executive directors:					
Mr. Tan Thiam Kiat Kelvin	–	127,200	10,000	13,940	151,140
Mr. Tan Kwang Hwee Peter	–	127,200	10,000	13,940	151,140
Ms. Liu Qian (Appointed on 12 February 2016 and resigned on 25 January 2017)	–	37,492	–	–	37,492
	–	291,892	20,000	27,880	339,772
Independent non-executive directors					
Mr. Oh Eng Bin (Hu Rongming)	25,378	–	–	–	25,378
Mr. Tan Kiang Hua	25,378	–	–	–	25,378
Mdm. Kow Yuen-Ting (Gao Yun Ting)	25,379	–	–	–	25,379
	76,135	–	–	–	76,135
	76,135	291,892	20,000	27,880	415,907

The remuneration of directors and senior management including the discretionary bonus is determined having regard to the performance and market trend by the remuneration committee.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Neither the chief executive nor any of the directors of the Company waived any emoluments during the years ended 31 December 2017 and 2016.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 2 (2016: 2) were directors of the Company during the year ended 31 December 2017 whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2016: 3) individuals were as follows:

	Year ended 31 December	
	2017	2016
	S$	S$
Salaries and other staff costs	**224,874**	258,669
Bonus	**26,354**	16,808
Contributions to defined contribution plan	**20,337**	34,668
	271,565	310,145

Their emoluments were within the following band:

	Year ended 31 December	
	2017	2016
	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 individuals 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

14. (LOSS)/EARNINGS PER SHARE

	Year ended 31 December	
	2017	2016
(Loss)/profit attributable to the owners of the Company (S$)	**(200,110)**	1,074,040
Weighted average number of ordinary shares in issue	**3,200,000,000**	3,200,000,000
Basic and diluted (loss)/earnings per share (S$ cents)	**(0.006)**	0.034

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

For the year ended 31 December 2016, the calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year 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.

15. RETIREMENT BENEFITS CONTRIBUTION

The total cost charged to profit or loss of S$130,490 and S$131,967 for the years ended 31 December 2017 and 2016 respectively, represents contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2017 and 2016, contributions of S$47,346 and S$46,459 respectively, were due in respective years had not been paid to the plans. The amounts were paid subsequent to the end of the respective year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. 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 2016	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 and 1 January 2017	115,477	2,372	369,049	107,747	1,106,224	1,700,869
Additions	–	–	215,670	23,057	–	238,727
Elimination on disposals	–	–	(12,500)	–	(95,623)	(108,123)
Written off	(15,205)	–	(29,115)	–	–	(44,320)
Exchange realignment	–	–	–	(528)	–	(528)
At 31 December 2017	100,272	2,372	543,104	130,276	1,010,601	1,786,625
ACCUMULATED DEPRECIATION						
At 1 January 2016	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 and 1 January 2017	97,580	1,422	212,414	55,815	482,254	849,485
Provided for the year	15,076	474	70,008	23,086	159,196	267,840
Eliminated on disposals	–	–	(12,500)	–	(39,843)	(52,343)
Written off	(15,205)	–	(22,140)	–	–	(37,345)
Exchange realignment	–	–	–	(31)	–	(31)
At 31 December 2017	97,451	1,896	247,782	78,870	601,607	1,027,606
CARRYING AMOUNTS						
At 31 December 2016	17,897	950	156,635	51,932	623,970	851,384
At 31 December 2017	2,821	476	295,322	51,406	408,994	759,019

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. PLANT AND EQUIPMENT (continued)

Additions to plant and equipment are analysed as follows:

	2017 S$	2016 S$
Additions of plant and equipment	238,727	551,484
Trade-in price of disposed motor vehicles	–	(27,586)
Acquired under finance lease agreements	(54,070)	(228,500)
Cash payments to acquire plant and equipment	184,657	295,398

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

	2017 S$	2016 S$
Cost of sales	198,997	147,835
Selling and administrative expenses	68,843	89,885
	267,840	237,720

17. INTANGIBLE ASSET

	2017 S$	2016 S$
SOFTWARE		
COST:		
At the beginning of the year	25,800	–
Additions	32,900	25,800
At the end of the year	58,700	25,800
ACCUMULATED AMORTISATION:		
At the beginning of the year	(2,867)	–
Amortisation for the year	(19,567)	(2,867)
At the end of the year	(22,434)	(2,867)
CARRYING AMOUNT:		
At the end of the year	36,266	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. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments related to listed equity securities in Singapore and Hong Kong which were carried at fair value.

In the current financial year, the investments in listed equity securities were fully disposed of. In the prior financial years, the securities were acquired through part of the partial settlement of customer balance in the previous financial years.

	2017	2016
	S$	S$
At the beginning of the year	**2,907**	20
Additions	**2,837,553**	2,887
Disposals	**(2,840,460)**	–
At the end of the year	**–**	2,907

19. INVENTORIES

	At 31 December	
	2017	2016
	S$	S$
Raw material, net of allowance	**193,355**	201,274
Work-in-progress	**200,116**	502,937
Finished goods	**61,858**	41,422
	455,329	745,633

The cost of raw materials recognised as an expense included Nil (2016: S$8,400) in respect of write down of inventory to net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2017	2016
	S$	S$
Trade receivables	**2,600,549**	2,142,727
Less: allowance for doubtful debts	**(89,673)**	(21,747)
	2,510,876	2,120,980
Retention receivables	**468,705**	319,168
Unbilled receivables	**–**	30,643
Purchase advances paid to suppliers	**217,735**	107,167
Receivables from disposals of freehold property (Note)	**200,000**	200,000
Interest receivables	**945**	26,400
Rental and other deposits	**127,774**	156,598
Prepayments	**44,790**	153,834
Other receivables	**810**	–
	3,571,635	3,114,790

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, certain executive directors who are the controlling shareholders have provided an undertaking to indemnify the Group for any loss arising from non settlement of this amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. 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 23) 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	
	2017	2016
	S$	S$
1-30 days	**639,883**	1,034,048
31-60 days	**662,217**	523,768
61-90 days	**377,568**	233,195
91-180 days	**588,675**	236,406
181-365 days	**180,065**	74,079
Over 365 days	**62,468**	19,484
	2,510,876	2,120,980

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. 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	
	2017	2016
	S$	S$
Overdue:		
31-60 days	**662,217**	523,768
61-90 days	**377,568**	233,195
91-180 days	**588,675**	236,406
181 days to 365 days	**180,065**	74,079
Over 365 days	**62,468**	19,484
	1,870,993	1,086,932

	At 31 December	
	2017	2016
	S$	S$
Trade receivable impaired:		
Current	**–**	19,047
Past due 61 to 90 days	**–**	1,484
Past due > 90 days	**89,673**	1,216
	89,673	21,747

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

20. TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance on doubtful debts for trade receivables

	At 31 December	
	2017	2016
	S$	S$
At beginning of the year	**21,747**	136,867
Amounts recovered during the year	**(19,377)**	(60,732)
Allowance on doubtful debts recognised in profit or loss	**100,073**	20,570
Amounts written off	**(12,770)**	(74,958)
At end of the year	**89,673**	21,747

Movement in the allowance on doubtful debts for retention receivables

	At 31 December	
	2017	2016
	S$	S$
At beginning of the year	**–**	6,414
Amounts written off	**–**	(6,414)
At end of the year	**–**	–

21. 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 0.20% to 0.35% per annum as at 31 December 2017 and 2016, respectively.

Bank balances are non-interest bearing, except for S$161 (31 December 2016: Nil) carries interest at fixed rate of 0.025% (31 December 2016: Nil) per annum as at 31 December 2017.

22. TRADE PAYABLES

	At 31 December	
	2017	2016
	S$	S$
Trade payables	**580,150**	607,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE PAYABLES (continued)

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	
	2017	2016
	S$	S$
0–30 days	**206,784**	282,982
31–90 days	**238,084**	78,695
Over 90 days	**135,282**	245,363
	580,150	607,040

23. OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2017	2016
	S$	S$
Advance billings to customers	**265,285**	855,182
Retention payable to suppliers	**65,928**	44,602
Goods and services tax payable	**167,092**	107,287
Accrued operating expenses	**364,864**	499,663
Accrued staff commission	**44,860**	29,000
Rental deposits received	**–**	15,000
Customer deposits received	**90,709**	64,888
Other payables	**–**	7,683
	998,738	1,623,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. OBLIGATIONS UNDER FINANCE LEASES

The Group entered into lease arrangements with independent third parties in relation to certain motor vehicles and office equipment. The Group considered that these lease arrangements are finance lease as substantially all the risks and rewards incidental to ownership of these motor vehicles and office equipment retained with the Group. The lease terms ranged from 4-5 years (2016: 3-5 years). Interest rates of underlying all obligations under finance leases at the date of inception is 4.0% to 6.3% and 4.0% to 6.4% per annum as at 31 December 2017 and 2016, respectively.

The net carrying value of leased assets used to secure the lease obligations was S$436,927 (2016: S$584,450).

	Minimum lease payments As at 31 December		**Present value of minimum lease payments As at 31 December**	
	2017 S$	2016 S$	**2017 S$**	2016 S$
Amounts payable under finance leases:				
Not later than one year	**95,864**	117,796	**83,886**	103,450
Later than one year and not later than two years	**75,663**	82,652	**67,740**	73,395
Later than two years and not later than five years	**122,243**	147,692	**115,857**	138,290
	293,770	348,140	**267,483**	315,135
Less: future finance charges	**(26,287)**	(33,005)	–	–
Present value of lease obligations	**267,483**	315,135	**267,483**	315,135
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(83,888)**	(103,450)
Amount due for settlement after 12 months (shown under non-current liabilities)			**183,595**	211,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. OBLIGATIONS UNDER FINANCE LEASES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2017 S$	Financing cash flows S$	New finance lease S$	Finance cost S$	31 December 2017 S$
Finance leases	315,135	(119,466)	57,856	13,958	267,483

Note: New finance lease of $57,856 includes goods and service tax of $3,786.

25. DEFERRED TAX LIABILITY

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

	2017 **S$**	2016 S$
At beginning of the year	**44,000**	40,000
(Credited)/charged to profit or loss (note 11)	**(16,000)**	4,000
At end of the year	**28,000**	44,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. SHARE CAPITAL

On 19 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:			
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 31 December 2017	40,000,000,000	0.00125	50,000,000

	Number of shares	Share capital S$
Issued and fully paid:		
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 31 December 2017	3,200,000,000	689,655

27. 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

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December	
	2017	2016
	S$	S$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**14,593,036**	14,950,358
Available-for-sale investments	**–**	2,907
	14,593,036	14,953,265
Financial liabilities		
Amortised cost	**1,146,511**	1,252,876

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 and interest rate 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.

Price Risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The directors of the Company manage this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated in equity securities listed in Hong Kong industry sector quoted in The Stock of Exchange of Hong Kong Limited for the year ended 31 December 2017. The directors of the Company will monitor the risks and consider hedging the risk exposure should the need arise.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risks (continued)

(i) Foreign currency risk (continued)

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

	Assets		Liabilities	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Hong Kong Dollars	**4,740,889**	4,523,431	**149,589**	85,886

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 increase/decrease by S$229,565 (2016: S$221,877).

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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.

	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 2017							
Non-interest bearing Instruments							
Trade and other payables		1,146,511	–	–	–	1,146,511	1,146,511
Interest bearing instruments							
Obligations under finance leases	4.0% to 6.3%	23,966	23,966	47,932	197,906	293,770	267,483
		1,170,477	23,966	47,932	197,906	1,440,281	1,413,994
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

Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for approximately 67% (2016: 69%) of the total financial assets as at 31 December 2017 and 2016 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 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 44% and 25% of total trade receivables outstanding at 31 December 2017 and 2016 were due from top 5 trade receivables which exposed the Group to concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Other than concentration of credit risk on bank deposits and balances placed in 4 banks (2016: 5 banks) in which the counterparties are financially sound and on trade receivables from top 5 customers, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

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

c. Fair value measurements of financial instruments

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

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

Financial assets	Fair value as at 31 December 2017	Fair value as at 31 December 2016	Fair value hierarchy	Valuation technique and key inputs
Available-for-sale investments	Nil	Listed equity securities in Singapore: S$2,907	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

29. 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	
	2017	2016
	S$	S$
Within one year	**295,483**	325,631
In the second to fifth year inclusive	**333,365**	598,000
	628,847	923,631

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	
	2017	2016
	S$	S$
Within one year	**–**	11,667

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

30. 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.

Key management personnel remuneration

Remuneration for key management personnel of the Group is the amounts paid to the Group's directors as disclosed in note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CONTINGENT LIABILITIES

As at 31 December 2017 and 2016, the Group has following contingent liabilities:

	At 31 December	
	2017	2016
	S$	S$
Banker gurantee	**23,271**	82,260

32. PARTICULARS OF SUBSIDIARIES

Particular of the subsidiaries of the Company at 31 December 2017 are as follows:

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest		Held by the Company		Principal activities
			2017	2016	2017	2016	
Sino Promise Investment Limited	British Virgin Islands	US$1	100%	100%	100%	100%	Investment holding
Joyful Passion Limited	British Virgin Islands	US$1	100%	100%	100%	100%	Investment holding
Signmechanic Pte Ltd	Singapore	S$2,000,000	100%	100%	–	–	Design, fabrication, installation and maintenance of signage products

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. 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	
	2017	2016
	S$	S$
Non-current assets		
Investment in subsidiary	**6,570,096**	6,570,096
Plant and equipment	**713**	1,140
Total non-current assets	**6,570,809**	6,571,236
Current assets		
Prepayment	**12,560**	122,478
Amount due from subsidiaries	**1,958,839**	34,444
Bank and cash balances	**4,263,247**	4,571,562
Total current assets	**6,234,646**	4,728,484
Current liabilities		
Trade payables	**185,838**	32,375
Accruals	**118,799**	158,640
Amount due to subsidiary	**–**	1,270,203
Total current liabilities	**304,637**	1,461,218
Net current assets	**5,930,009**	3,267,266
NET ASSETS	**12,500,818**	9,838,502
Capital and reserves		
Share capital	**689,655**	689,655
Share premium	**12,126,905**	12,126,905
Accumulated losses	**(315,742)**	(2,978,058)
TOTAL EQUITY	**12,500,818**	9,838,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

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

	Share premium S$	Accumulated losses S$	Total S$
At 1 January 2016	12,126,905	(2,386,446)	9,740,459
Loss for the year, representing total comprehensive loss for the year	–	(591,612)	(591,612)
At 31 December 2016 and 1 January 2017	**12,126,905**	**(2,978,058)**	**9,148,847**
Profit for the year, representing total comprehensive income for the year	**–**	**2,662,316**	**2,662,316**
At 31 December 2017	**12,126,905**	**(315,742)**	**11,811,163**

SUMMARY OF FINANCIAL INFORMATION

31 December 2017

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

	Year ended 31 December				
	2017	2016	2015	2014	2013
	S$	S$	S$	S$	S$
RESULTS					
Revenue	**12,847,395**	9,549,724	11,384,339	11,850,088	7,827,042
Cost of sales	**(7,282,418)**	(5,294,555)	(6,144,909)	(6,307,276)	(4,952,092)
Gross profit	**5,564,977**	4,255,169	5,239,430	5,542,812	2,874,950
Other income	**189,363**	246,315	300,953	208,193	71,198
Other gains and losses	**(1,959,625)**	188,853	337,895	(109,873)	(263,571)
Selling and administrative expenses	**(3,608,239)**	(3,212,731)	(2,667,288)	(2,638,320)	(1,800,235)
Other expenses	**(14,000)**	(121,800)	(2,634,874)	(63,250)	–
Finance costs	**(13,981)**	(13,550)	(58,192)	(111,351)	(66,923)
Profit before tax	**158,495**	1,342,256	517,924	2,828,211	815,419
Income tax expense	**(358,605)**	(268,216)	(347,560)	(262,996)	(203,938)
(Loss)/profit for the year	**(200,110)**	1,074,040	170,364	2,565,215	611,481
ASSETS AND LIABILITIES					
Non-current assets	**795,285**	877,224	583,745	679,393	578,600
Current assets	**15,310,890**	15,956,992	15,081,431	8,783,427	14,468,073
Current liabilities	**(2,054,776)**	(2,573,795)	(2,572,627)	(4,293,783)	(7,068,628)
Net current assets	**13,256,114**	13,383,197	12,508,804	4,489,644	7,399,445
Non-current liabilities	**(211,595)**	(255,685)	(161,853)	(155,170)	(135,605)
Net assets	**13,839,804**	14,004,736	12,930,696	5,013,867	7,842,440