

KPM HOLDING LIMITED

吉輝控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

Interim Report

2019

* For identification purpose only



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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, includes 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board (the "Board") of Directors of the Company (together with its subsidiaries, the "Group") is pleased to present the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2019 respectively, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Three months ended 30 June		Six months ended 30 June	
		2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Revenue	3	2,160,413	3,070,547	4,128,009	5,577,082
Cost of sales		(1,322,996)	(1,777,098)	(2,720,885)	(3,081,276)
Gross profit		837,417	1,293,449	1,407,124	2,495,806
Other income	4	52,213	15,336	89,544	47,594
Other gains and losses	5	(58,087)	242,817	(128,041)	78,118
Selling and administrative expenses		(824,065)	(714,243)	(1,619,284)	(1,471,403)
Finance costs	6	(6,795)	(4,253)	(14,626)	(8,374)
Profit (Loss) before income tax		683	833,106	(265,283)	1,141,741
Income tax expense	7	(50,000)	(135,100)	(82,286)	(298,941)
(Loss) Profit for the period		(49,317)	698,006	(347,569)	842,800
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on translation of foreign operations		(5,106)	(57,775)	8,347	(25,135)
Total comprehensive income for the period		(54,423)	640,231	(339,222)	817,665
(Losses) Earnings per share					
Basic and diluted (S\$ cents)	8	(0.002)	0.022	(0.011)	0.026

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2019*

	Note	30 June 2019 S\$ (Unaudited)	31 December 2018 S\$ (Audited)
Non-current assets			
Plant and equipment		959,969	971,399
Intangible assets*		187,468	16,700
Total non-current assets		1,147,437	988,099
Current assets			
Inventories		300,198	300,509
Trade and other receivables	10	4,306,086	3,189,139
Pledged bank deposits		513,115	966,056
Bank and cash balances		9,949,360	11,146,677
Total current assets		15,068,759	15,602,381
Current liabilities			
Trade payables	11	528,005	557,675
Other payables and accruals		474,887	584,380
Contract liabilities		69,741	56,480
Lease liabilities**		182,890	–
Obligations under finance leases		126,464	124,058
Income tax payable		226,940	302,500
Total current liabilities		1,608,927	1,625,093
Net current assets		13,459,832	13,977,288
Total assets less current liabilities		14,607,269	14,965,387
Non-current liabilities			
Obligations under finance leases		223,075	241,971
Deferred tax liability		28,000	28,000
Total non-current liabilities		251,075	269,971
NET ASSETS		14,356,194	14,695,416
Capital and reserves			
Share capital	12	689,655	689,655
Share premium		12,126,905	12,126,905
Merger reserves		(4,570,095)	(4,570,095)
Currency translation reserve		14,741	6,394
Accumulated profits		6,094,988	6,442,557
TOTAL EQUITY		14,356,194	14,695,416

* Included right-of-use assets recognised upon adoption of IFRS 16 Leases on 1 January 2019 based on the modified retrospective approach.

** Lease liabilities recognised upon adoption of IFRS 16 Leases on 1 January 2019 based on the modified retrospective approach.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital S\$	Share premium S\$	Merger reserves S\$	Currency translation reserve S\$	Accumulated profits S\$	Total S\$
At 1 January 2018 (Audited)	689,655	12,126,905	(4,570,095)	35,178	5,558,161	13,839,804
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	842,800	842,800
Other comprehensive income:						
Foreign currency translation	-	-	-	(25,135)	-	(25,135)
Total comprehensive income	-	-	-	(25,135)	842,800	817,665
At 30 June 2018 (Unaudited)	689,655	12,126,905	(4,570,095)	10,043	6,400,961	14,657,469
At 1 January 2019 (Audited)	689,655	12,126,905	(4,570,095)	6,394	6,442,557	14,695,416
Total comprehensive income for the period:						
Loss for the period	-	-	-	-	(347,569)	(347,569)
Other comprehensive income:						
Foreign currency translation	-	-	-	8,347	-	8,347
Total comprehensive income	-	-	-	8,347	(347,569)	(339,222)
At 30 June 2019 (Unaudited)	689,655	12,126,905	(4,570,095)	14,741	6,094,988	14,356,194

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
OPERATING ACTIVITIES		
(Loss) Profit before tax	(265,283)	1,141,741
Adjustments for:		
Depreciation and amortisation expense	291,200	163,605
Interest income	(64,780)	(6,246)
Finance costs	14,626	8,374
Allowance for doubtful debts	56,357	10,727
Unrealised foreign exchange loss (gain)	67,913	(97,537)
Operating cash flow before movements in working capital	100,033	1,220,664
Inventories	311	159,148
Trade receivables and other receivables	78,785	66,235
Trade payables	(29,670)	61,309
Other payables and accruals	(96,231)	(354,726)
Cash generated from operations	53,228	1,152,630
Income tax paid	(157,846)	(227,831)
Net cash (used in) from operating activities	(104,618)	924,799
INVESTING ACTIVITIES		
Withdrawal of pledged bank deposits	453,392	–
Purchase of plant and equipment	(78,949)	(165,488)
Loans to other receivables	(1,220,740)	–
Interest received	33,012	2,623
Net cash used in investing activities	(813,285)	(162,865)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
FINANCING ACTIVITIES		
Repayment of lease liabilities	(147,839)	–
Repayment of finance lease obligation	(63,691)	(56,340)
Finance lease interest paid	(8,356)	(8,372)
Other interest paid	–	(2)
Net cash used in financing activities	(219,886)	(64,714)
Net (decrease) increase in cash and cash equivalents	(1,137,789)	697,220
Cash and cash equivalents, represented by bank and cash balances at 1 January	11,146,677	10,320,566
Effect of exchange rate changes	(59,528)	72,091
Cash and cash equivalents, represented by bank and cash balances at 30 June	9,949,360	11,089,877

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 10 March 2015 and its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance") on 30 March 2015 and the principal place of business in Hong Kong registered is 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 is engaged in the design, fabrication, installation and maintenance of signage and related products.

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

This unaudited condensed consolidated interim financial information was approved by the Board of the Company on 6 August 2019.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the Annual Report for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2018 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2019 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period, except below.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (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 split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

The Group elected the modified retrospective approach for the application of IFRS 16 as lessee and recognized the cumulative effect of initial application without restating comparative information.

3. REVENUE AND SEGMENT INFORMATION

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Public	1,825,270	2,717,186	3,619,762	5,075,602
Private	335,143	353,361	508,247	501,480
	2,160,413	3,070,547	4,128,009	5,577,082

Entity-wide disclosures

Major products

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

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

Major customers

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

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Customer A	Note	325,072	Note	Note

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Continued)

Entity-wide disclosures (Continued)

Geographical information

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

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Interest income	47,508	5,423	64,780	6,246
Government grants	–	2,532	15,160	23,643
Unclaimed payables	–	–	–	7,209
Others	4,705	7,381	9,604	10,496
	52,213	15,336	89,544	47,594

5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
(Allowance for) Reversal of doubtful debts	(52,976)	22,520	(56,357)	(10,727)
Foreign exchange (loss) gain, net	(5,111)	220,297	(71,684)	88,845
	(58,087)	242,817	(128,041)	78,118

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Interests on borrowings wholly repayable within five years:				
– Obligations under finance leases	4,117	4,251	8,356	8,372
– Lease liabilities	2,678	–	6,270	–
– Others	–	2	–	2
	6,795	4,253	14,626	8,374

7. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Current tax – Singapore Corporate Income Tax (“CIT”)	50,000	135,100	69,100	249,000
Under (Over) provision in prior year	–	–	13,186	49,941
	50,000	135,100	82,286	298,941

Singapore CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies are eligible for CIT rebate of 20%, capped at S\$10,000 for Year of Assessment 2019. 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 and S\$190,000 of normal chargeable income for Year of Assessment 2019 and 2020 respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE (Continued)

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

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Profit (Loss) before tax	683	833,106	(265,283)	1,141,741
Tax at Singapore CIT of 17%	116	141,628	(45,098)	194,096
Tax effect of expenses not deductible for tax purpose	58,110	12,857	124,219	77,904
Tax effect of income not taxable	(5,003)	(16,590)	(5,003)	(20,179)
Under-provision in prior year	-	-	13,186	49,941
Others	(3,223)	(2,795)	(5,018)	(2,821)
Income tax expense for the period	50,000	135,100	82,286	298,941

8. (LOSSES) EARNINGS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
(Loss) Profit attributable to the owners of the Company	(49,317)	698,006	(347,569)	842,800
Number of ordinary shares in issue	3,200,000,000	3,200,000,000	3,200,000,000	3,200,000,000
Basic and diluted (losses) earnings per share (S\$ cents)	(0.002)	0.022	(0.011)	0.026

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

10. TRADE AND OTHER RECEIVABLES

	30 June 2019 S\$ (Unaudited)	31 December 2018 S\$ (Audited)
Trade receivables	1,976,529	1,941,685
Less: allowance for doubtful debts	(79,013)	(22,656)
	1,897,516	1,919,029
Retention receivables	630,728	648,151
Purchase advances paid to suppliers	236,808	181,354
Receivables from disposals of freehold property	–	200,000
Interest receivables	4,405	2,517
Rental and other deposits	130,801	127,723
Prepayments	115,922	110,365
Other receivables	1,289,906	–
	4,306,086	3,189,139

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES (Continued)

For majority of customers, invoices are issued upon transferred risks and rewards of the products. Invoices may be raised in according to the schedule set out in the sales contracts 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. 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:

	30 June 2019 S\$ (Unaudited)	31 December 2018 S\$ (Audited)
1–30 days	661,545	689,794
31–60 days	463,525	302,558
61–90 days	181,129	287,033
91–180 days	139,147	283,303
181–365 days	213,930	345,136
Over 365 days	238,240	11,205
	1,897,516	1,919,029

11. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the purchase recognition date, that is, goods receipt date, at the end of each reporting period:

	30 June 2019 S\$ (Unaudited)	31 December 2018 S\$ (Audited)
0–30 days	301,232	319,873
31–90 days	159,606	200,354
Over 90 days	67,167	37,448
	528,005	557,675

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE CAPITAL

	Number of shares	Share capital S\$
At 31 December 2018, 1 January 2019 and 30 June 2019	3,200,000,000	689,655

13. RELATED PARTY DISCLOSURES

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

Compensation of key management personnel

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

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Short-term benefits	74,100	73,728	148,022	147,480
Post-employment benefits	6,120	6,120	12,240	12,240
Directors fees	22,472	19,506	44,664	38,541
	102,692	99,354	204,926	198,261

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

14. CONTINGENT LIABILITIES (SECURED)

The Group has following contingent liabilities:

	30 June 2019 S\$ (Unaudited)	31 December 2018 S\$ (Audited)
Guarantee provided in respect of performance bonds in favor of customers	35,381	35,381

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

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

FINANCIAL REVIEW

Revenue and Results

For the six months ended 30 June 2019, the Group recorded an unaudited revenue of approximately S\$4,128,000 (2018: approximately S\$5,577,000) and loss of approximately S\$348,000 (2018: profit of approximately S\$843,000).

Revenue had decreased by 26.0% or S\$1,449,000. For the six months ended 30 June 2018, the Group has delivered substantial quantities under a high value contract to five key customers which had contributed approximately S\$1,777,000 or 31.9% of the revenue. These customers had only contributed approximately S\$563,000 or 13.6% of the revenue for the six months ended 30 June 2019.

The gross profit and gross profit margin for the six months ended 30 June 2019 was approximately S\$1,407,000 (2018: S\$2,496,000) and approximately 34.1% (2018: 44.8%) respectively. Decrease of revenue and gross profit are mainly due to decline of the demand in construction sector activities, fierce competition in bidding prices and higher material costs.

Other gains and losses for the six months ended 30 June 2019 included allowance of doubtful debts of approximately S\$56,000. The Group also recorded approximately S\$72,000 of 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 six months ended 30 June 2019 was approximately S\$1,619,000, (2018: S\$1,471,000) representing an increase of S\$148,000 mainly due to higher for legal and professional fees and other expenses incurred.

The Group recorded a loss before tax for the six months ended 30 June 2019 of approximately S\$265,000 (2018: profit before tax approximately S\$1,142,000) representing a decrease of S\$1,407,000 as compared with the corresponding period of last year.

Loss for the six months ended 30 June 2019 was approximately S\$348,000, representing an decrease of S\$1,191,000 as compared with profit of approximately S\$843,000 for the six months ended 30 June 2018.

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 manage our customers' credit limits, aging, and repayment of retention monies and monitor the operating cash flows to ensure adequate working capital funds and repayment schedule is met.

For the six months ended 30 June 2019, the cash and cash equivalents of the Group has decreased by approximately S\$1,138,000. This was mainly arise from net cash used in operating activities of approximately S\$105,000, loans to other receivables of approximately S\$1,221,000, purchase of plant and equipment of approximately S\$79,000 and repayment of obligations under finance lease of approximately S\$63,000, offset by withdrawal of pledged bank deposits of approximately S\$453,000.

As at 30 June 2019, the Group had cash and cash equivalents of approximately S\$9,949,000 (31 December 2018: approximately S\$11,147,000) which were placed with major banks in Singapore and Hong Kong.

FOREIGN EXCHANGE EXPOSURE

The Group transacts mainly in Singapore Dollars, which is the functional currency of the Group. However, the Group had recorded an unrealised foreign exchange loss of approximately S\$68,000 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, nor were there any material acquisitions and disposals of subsidiaries during the period under review.

CHARGES ON GROUP'S ASSETS

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\$646,000 (31 December 2018: approximately S\$651,000).

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 June 2019, the guarantees in respect of performance bonds in favor of our customers of approximately S\$35,000 (31 December 2018: approximately S\$35,000) is secured by pledged bank deposits.

CAPITAL COMMITMENTS

As at 30 June 2019, the Group did not have any capital commitment (31 December 2018: Nil).

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\$4,128,000 and S\$5,577,000 for the six months ended 30 June 2019 and 2018, 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.

The public sector revenue has decreased by approximately S\$1,456,000 mainly due to decline of the demand in construction sector activities and fierce competition in the market.

PROSPECTS

Consistent with the outlook shared at the chairman's statement in 2018 annual report, the demand in construction sector activities has declined which would adversely affect the Group's revenue. Looking forward, due to fierce competition in bidding prices and higher material costs, both revenue and gross profit of the local construction market is expected to be decreased. The Group will continue to manage its expenditures, review the business strategy constantly and look for other business opportunities to cope with existing market environment in a cautious and prudent manner.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The business objectives as set out in the prospectus of the Company dated 30 June 2015 (the "Prospectus") for the period from 10 July 2015 (the "Listing Date") to 30 June 2019 is set out below:

Business objectives	Planned expenses (as stated in the Prospectus) in respect of business objectives from the Listing	Use of proceeds	Balance available
	Date to 30 June 2019 HK\$ (in million)	HK\$ (in million)	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	8.2	–
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	4.1	0.6
Working capital and other general corporate purposes	2.3	2.3	–
Total	23.4	14.6	8.8

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

As at 30 June 2019, the Group had an aggregate of 82 (31 December 2018: 77) employees.

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

Total staff costs, including Directors' emoluments, amounted to approximately S\$1,571,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately S\$1,383,000).

EVENT AFTER THE REPORTING PERIOD

On 5 July 2019, Signmechanic Pte Ltd ("Signmechanic"), a direct wholly-owned subsidiary of the Company, and Viking Life-Saving Equipment Pte Ltd (the "Vendor") entered into a sale and purchase agreement, pursuant to which Signmechanic has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the property at 14 Loyang Way 4, Loyang Industrial Estate, Singapore 507601 at a consideration of S\$4,100,000. The completion of the transaction is subject to approval from JTC Corporation. For further information, please refer to the Company's announcement dated 5 July 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2019, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director/ chief executive	Nature of interest	Number of shares held	Approximate percentage of issued share capital
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%

Note:

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executive of the Company had any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2019, the following substantial shareholders' and other persons' interest and short positions of 5% or more of the issued share capital of the Company were recorded in the register required to be kept under section 336 of Part XV of the SFO:

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

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

Save as disclosed above, as at 30 June 2019, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company, whose interests are disclosed above) who had an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 21 September 2018.

No share option has been granted under the Share Option Scheme since its adoption and there were no outstanding share options under the Share Option Scheme as at 30 June 2019.

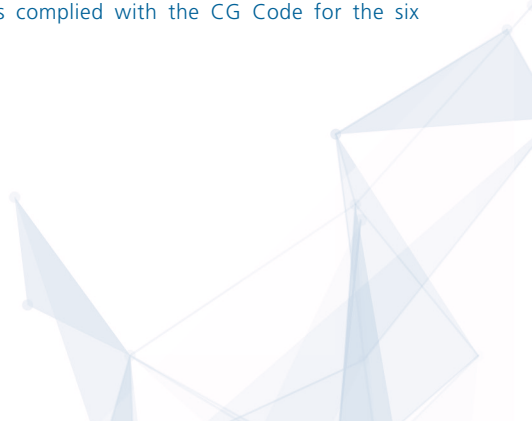
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

In the opinion of the Board, the Company has complied with the CG Code for the six months ended 30 June 2019.



CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code for the six months ended 30 June 2019.

AUDIT COMMITTEE

The Company established an audit committee on 23 June 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three independent non-executive Directors namely Mr. Lock Kiu Yin, Mr. Tan Kiang Hua and Mr. Lau Muk Kan. Mr. Lock Kiu Yin, 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.

The unaudited results for the six months ended 30 June 2019 have been reviewed by the audit committee.

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

Singapore, 6 August 2019

As at the date of this report, the Board comprises three executive Directors, namely, Mr. Tan Thiam Kiat Kelvin (Chairman), Mr. Tan Kwang Hwee Peter and Ms. Kong Weishan; and three independent non-executive Directors, namely, Mr. Lau Muk Kan, Mr. Tan Kiang Hua and Mr. Lock Kiu Yin.