

**KPM** HOLDING LIMITED

吉輝控股有限公司\*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

Interim Report

**2020**



\* 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, 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 2020 respectively, together with the unaudited comparative figures for the corresponding period in 2019, as follows:

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

For the six months ended 30 June 2020

	Note	Three months ended 30 June		Six months ended 30 June	
		2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Revenue	3	793,739	2,160,413	2,625,036	4,128,009
Cost of sales		(798,495)	(1,322,996)	(2,218,454)	(2,720,885)
<b>Gross (loss) profit</b>		<b>(4,756)</b>	837,417	<b>406,582</b>	1,407,124
Other income	4	238,022	52,213	310,493	89,544
Other gains and losses	5	(188,299)	(58,087)	385,102	(128,041)
Selling and administrative expenses		(1,416,448)	(824,065)	(2,497,869)	(1,619,284)
Finance costs	6	(17,530)	(6,795)	(36,901)	(14,626)
<b>(Loss) Profit before income tax</b>		<b>(1,389,011)</b>	683	<b>(1,432,593)</b>	(265,283)
Income tax credit/(expense)	7	48,100	(50,000)	68,300	(82,286)
<b>Loss for the period</b>		<b>(1,340,911)</b>	(49,317)	<b>(1,364,293)</b>	(347,569)
<b>Other comprehensive income (loss):</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on translation of foreign operations		31,921	(5,106)	(62,985)	8,347
<b>Total comprehensive loss for the period</b>		<b>(1,308,990)</b>	(54,423)	<b>(1,427,277)</b>	(339,222)
Losses per share					
Basic and diluted (S\$ cents)	8	(0.042)	(0.002)	(0.043)	(0.011)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 June 2020*

	Note	30 June 2020 S\$ (Unaudited)	31 December 2019 S\$ (Audited)
<b>Non-current assets</b>			
Plant and equipment		2,976,684	3,118,705
Right-of-use assets		1,746,331	1,928,010
Deferred tax assets		94,300	26,000
<b>Total non-current assets</b>		<b>4,817,315</b>	5,072,715
<b>Current assets</b>			
Inventories		270,777	200,169
Trade and other receivables	10	5,708,034	4,968,199
Pledged bank deposits		516,202	516,202
Bank and cash balances		5,707,989	7,629,334
<b>Total current assets</b>		<b>12,203,002</b>	13,313,904
<b>Current liabilities</b>			
Trade payables	11	944,689	1,381,559
Other payables and accruals		268,324	278,023
Contract liabilities		247,500	36,239
Bank loan		335,348	332,235
Lease liabilities		117,165	173,032
<b>Total current liabilities</b>		<b>1,913,026</b>	2,201,088
<b>Net current assets</b>		<b>10,289,976</b>	11,112,816
<b>Total assets less current liabilities</b>		<b>15,107,291</b>	16,185,531

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	30 June 2020 S\$ (Unaudited)	31 December 2019 S\$ (Audited)
<b>Non-current liabilities</b>			
Bank loan		2,809,068	2,947,765
Lease liabilities		66,191	118,214
<b>Total non-current liabilities</b>		<b>2,875,259</b>	3,065,979
<b>NET ASSETS</b>			
<b>Capital and reserves</b>			
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		(45,626)	17,359
Share option reserve		539,758	–
Accumulated profits		3,491,435	4,855,728
<b>TOTAL EQUITY</b>		<b>12,232,032</b>	13,119,552

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2020*

	Share capital S\$	Share premium S\$	Merger reserves S\$	Currency translation reserve S\$	Share option reserve S\$	Accumulated profits S\$	Total S\$
At 1 January 2019 (Audited)	689,655	12,126,905	(4,570,095)	6,394	-	6,442,557	14,695,416
Total comprehensive income (loss) 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
At 1 January 2020 (Audited)	<b>689,655</b>	<b>12,126,905</b>	<b>(4,570,095)</b>	<b>17,359</b>	-	<b>4,855,728</b>	<b>13,119,552</b>
Total comprehensive loss for the period:							
Loss for the period	-	-	-	-	-	(1,364,293)	(1,364,293)
Other comprehensive loss:							
Foreign currency translation	-	-	-	(62,985)	-	-	(62,985)
Total comprehensive loss	-	-	-	(62,985)	-	(1,364,293)	(1,427,277)
Recognition of equity-settled share-based payment	-	-	-	-	539,758	-	539,758
At 30 June 2020 (Unaudited)	<b>689,655</b>	<b>12,126,905</b>	<b>(4,570,095)</b>	<b>(45,626)</b>	<b>539,758</b>	<b>3,491,435</b>	<b>12,232,032</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Net cash used in operating activities	<b>(308,708)</b>	(104,618)
Net cash used in investing activities	<b>(1,522,394)</b>	(813,285)
Net cash used in financing activities	<b>(280,373)</b>	(219,886)
Net decrease in cash and cash equivalents	<b>(2,111,475)</b>	(1,137,789)
Cash and cash equivalents, represented by bank and cash balances at 1 January	<b>7,629,334</b>	11,146,677
Effect of exchange rate changes	<b>190,130</b>	(59,528)
Cash and cash equivalents, represented by bank and cash balances at 30 June	<b>5,707,989</b>	9,949,360

## 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 14 Loyang Way 4, Singapore 507601.

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 7 August 2020.

### 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 2019, 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 2019 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2020 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.

### 3. REVENUE AND SEGMENT INFORMATION

The Group operates in a single segment which mainly includes sale of signage, bollard, variable-message signs, 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	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Public	687,227	1,825,270	2,325,626	3,619,762
Private	106,512	335,143	299,410	508,247
	793,739	2,160,413	2,625,036	4,128,009

#### 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	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Customer A	364,865	Note	374,054	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	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Interest income	43,690	47,508	97,279	64,780
Government grants	194,332	–	204,860	15,160
Others	–	4,705	8,354	9,604
	<b>238,022</b>	<b>52,213</b>	<b>310,493</b>	<b>89,544</b>

### 5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
(Allowance for) Reversal of doubtful debts	–	(52,976)	104	(56,357)
Foreign exchange (loss) gain, net	(190,299)	(5,111)	386,363	(71,684)
Gain on disposal of plant and equipment	2,000	–	2,000	–
Plant and equipment written off	–	–	(3,365)	–
	<b>(188,299)</b>	<b>(58,087)</b>	<b>385,102</b>	<b>(128,041)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Interests on borrowings wholly repayable within five years:				
– Term loan	15,140	–	31,642	–
– Lease liabilities	2,390	6,795	5,259	14,626
	17,530	6,795	36,901	14,626

### 7. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Current tax – Singapore Corporate Income Tax (“CIT”)	(48,100)	50,000	(68,300)	69,100
Under (Over) provision in prior year	–	–	–	13,186
	(48,100)	50,000	(68,300)	82,286

Singapore CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies are eligible for CIT rebate of 25%, capped at S\$15,000 for Year of Assessment 2020. 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\$190,000 of normal chargeable income from Year of Assessment 2020 onwards.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. INCOME TAX (CREDIT)/EXPENSE (Continued)

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

	Three months ended 30 June		Six months ended 30 June	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
(Loss) Profit before tax	<b>(1,389,011)</b>	683	<b>(1,432,593)</b>	(265,283)
Tax at Singapore CIT of 17%	<b>(236,132)</b>	116	<b>(243,541)</b>	(45,098)
Tax effect of expenses not deductible for tax purpose	<b>174,886</b>	58,110	<b>208,227</b>	124,219
Tax effect of income not taxable	<b>13,167</b>	(5,003)	<b>(32,921)</b>	(5,003)
Under-provision in prior year	-	-	-	13,186
Others	<b>(21)</b>	(3,223)	<b>(65)</b>	(5,018)
Income tax (credit)/expense for the period	<b>(48,100)</b>	50,000	<b>(68,300)</b>	82,286

### 8. LOSSES PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Loss attributable to the owners of the Company	<b>(1,340,911)</b>	(49,317)	<b>(1,364,293)</b>	(347,569)
Number of ordinary shares in issue	<b>3,200,000,000</b>	3,200,000,000	<b>3,200,000,000</b>	3,200,000,000
Basic and diluted losses per share (S\$ cents)	<b>(0.042)</b>	(0.002)	<b>(0.043)</b>	(0.011)

The diluted losses per share is the same as the basic losses per share as there were no dilutive potential ordinary shares outstanding for the period ended 30 June 2020. The effect of the exercise of share options was not included in the calculation of diluted losses per share as they are anti-dilutive during the period ended 30 June 2020.

## 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 2020 (2019: Nil).

### 10. TRADE AND OTHER RECEIVABLES

	<b>30 June 2020 S\$ (Unaudited)</b>	31 December 2019 S\$ (Audited)
Trade receivables	<b>1,370,310</b>	2,533,433
Less: allowance for doubtful debts	<b>(553,901)</b>	(554,005)
	<b>816,409</b>	1,979,428
Retention receivables	<b>633,582</b>	626,547
Purchase advances paid to suppliers	<b>102,225</b>	111,178
Interest receivables	<b>6,293</b>	3,951
Rental and other deposits	<b>40,800</b>	143,171
Prepayments	<b>570,523</b>	124,720
Loan receivables	<b>2,874,977</b>	1,265,361
Less: Allowance for expected credit losses	<b>(1,321)</b>	(1,321)
Goods and services tax receivable	–	232,254
Other receivables	<b>665,059</b>	483,423
Less: Allowance for expected credit losses	<b>(513)</b>	(513)
	<b>5,708,034</b>	4,968,199

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. TRADE AND OTHER RECEIVABLES (Continued)

An aged analysis of the loan receivables as at the end of the reporting period, based on advance date, is as follow:

	<b>30 June 2020 S\$ (Unaudited)</b>	31 December 2019 S\$ (Audited)
0-30 days	<b>9,440</b>	2,864
31-60 days	<b>9,440</b>	2,863
61-90 days	<b>9,440</b>	2,863
91-180 days	<b>1,624,019</b>	8,590
181-365 days	–	1,248,181
Over 365 days	<b>1,222,638</b>	–
	<b>2,874,977</b>	1,265,361

Loan receivables carry effective interest of 7% to 10% per annum and repayable within 1 year. The loan receivables outstanding as at 30 June 2020 are denominated in Hong Kong Dollars.



## 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 (i.e. recognised as advanced billing) 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 expected credit losses presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	<b>30 June 2020 S\$ (Unaudited)</b>	31 December 2019 S\$ (Audited)
1-30 days	<b>39,197</b>	934,866
31-60 days	<b>76,723</b>	437,781
61-90 days	<b>142,231</b>	305,344
91-180 days	<b>226,733</b>	193,505
181-365 days	<b>284,342</b>	92,572
Over 365 days	<b>47,182</b>	15,360
	<b>816,409</b>	1,979,428

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.

Retention receivables are retention monies held by customers which will be repaid upon expiry of defect liability period, generally of 1 to 2 years, in accordance with sales contracts.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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:

	<b>30 June 2020 S\$ (Unaudited)</b>	31 December 2019 S\$ (Audited)
0–30 days	<b>110,011</b>	618,538
31–90 days	<b>457,196</b>	459,236
Over 90 days	<b>377,482</b>	303,785
	<b>944,689</b>	1,381,559

### 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Par value HK\$</b>	<b>Share capital HK\$</b>
<b>Authorised:</b>			
31 December 2019, 1 January 2020 and 30 June 2020	40,000,000,000	0.00125	50,000,000
	<b>Number of shares</b>	<b>Share capital S\$</b>	
<b>Issued and fully paid:</b>			
At 31 December 2019, 1 January 2020 and 30 June 2020	3,200,000,000	689,655	



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 executive directors of the Group was as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Short-term benefits	42,588	74,100	95,410	148,022
Post-employment benefits	3,060	6,120	7,820	12,240
Share-based payment expenses	57,622	–	57,622	–
	<b>103,270</b>	80,220	<b>160,852</b>	160,262

The remuneration of executive 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 2020 S\$ (Unaudited)	31 December 2019 S\$ (Audited)
Guarantee provided in respect of performance bonds in favor of customers	21,200	21,200

## 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 2020, the Group recorded an unaudited revenue of approximately S\$2,625,000 (2019: approximately S\$4,128,000) and loss of approximately S\$825,000 (2019: profit of approximately S\$348,000).

Revenue had decreased by approximately 36.4% or S\$1,503,000. The gross profit and gross profit margin for the six months ended 30 June 2020 was approximately S\$407,000 (2019: S\$1,407,000) and approximately 15.5% (2019: 34.1%) respectively. Decrease of revenue and gross profit are mainly due to circuit breaker measures implemented by the Government of Singapore in response to the COVID-19 pandemic in the country. All non-essential workplaces closed from 7 April 2020 and some restrictions were relaxed progressively in stages to prepare for the end of the circuit breaker on 1 June 2020.

Other gains and losses for the six months ended 30 June 2020 included approximately S\$386,000 of foreign exchange gain which was mainly arise from loan receivables and cash and cash equivalents denominated in Hong Kong dollars which was appreciating against Singapore dollars.

Selling and administrative expenses for the six months ended 30 June 2020 was approximately S\$2,498,000 (2019: S\$1,619,000) representing an increase of S\$879,000 or 54.3% mainly due to share-based payment expenses, higher for advertisement expenses and legal and professional fees incurred.

The Group recorded a loss before tax for the six months ended 30 June 2020 of approximately S\$1,433,000, compared to S\$265,000 for the corresponding period in 2019.

Loss for the six months ended 30 June 2020 was approximately S\$1,364,000, compared to S\$348,000 for the corresponding period in 2019.

## 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 2020, the cash and cash equivalents of the Group has decreased by approximately S\$2,111,000. This was mainly arise from net cash used in operating activities of approximately S\$309,000, loans to other receivables of approximately S\$1,653,000, repayment of bank loan of approximately S\$136,000 and repayment of lease liabilities of approximately S\$108,000.

The total interest-bearing borrowing of the Group as at 30 June 2020 was S\$3,328,000 (31 December 2019: S\$3,571,000). The Group's gearing ratio as at 30 June 2020 was approximately 19.7% (31 December 2019: approximately 19.5%), which is calculated as the Group's total borrowing over the Group's total assets.

As at 30 June 2020, the Group had cash and cash equivalents of approximately S\$5,708,000 (31 December 2019: approximately S\$7,629,000) which were placed with major banks in Singapore and Hong Kong.

### 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\$2,625,000 and S\$4,128,000 for the six months ended 30 June 2020 and 2019, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

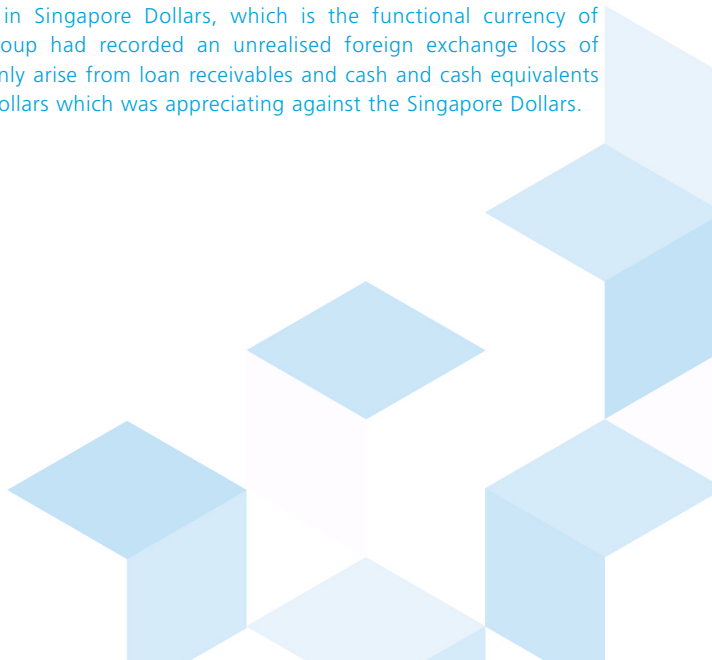
Revenue had decreased by approximately S\$1,503,000 mainly due to circuit breaker measures implemented by the Government of Singapore in response to the COVID-19 pandemic in the country. All non-essential workplaces closed from 7 April 2020 and some restrictions were relaxed progressively in stages to prepare for the end of the circuit breaker on 1 June 2020.

### PROSPECTS

Consistent with the outlook shared at the chairman's statement in 2019 annual report, the demand in construction sector activities has declined which would adversely affect the Group's revenue. In addition, the Government of Singapore has implemented measures to reduce the risk of further local transmission of COVID-19 since April 2020 which will continue to affect the operation of the Group. Looking forward, due to the outbreak of COVID-19, the 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.

### 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\$386,000 mainly arise from loan receivables and cash and cash equivalents denominated in Hong Kong Dollars which was appreciating against the Singapore Dollars.



## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS, 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, associates and joint ventures during the period under review. The Group had no specific future plan for material investments or capital assets as at 30 June 2020.

### CHARGES ON GROUP'S ASSETS

As at 30 June 2020, the Group's borrowings are secured by the lessor's title to the relevant leasehold land, building, leased motor vehicles and office equipment with the aggregate carrying values amounting to approximately S\$4,468,000 (31 December 2019: S\$4,690,000).

### CONTINGENT LIABILITIES

As at 30 June 2020, the guarantees in respect of performance bonds in favor of our customers of approximately S\$21,000 (31 December 2019: S\$21,000) is secured by pledged bank deposits.

### CAPITAL COMMITMENTS

As at 30 June 2020, the Group did not have any capital commitment (31 December 2019: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives	Planned expenses as stated in the prospectus of the Company dated	Use of proceeds	Balance available
	30 June 2015 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	4.7	–
Working capital and other general corporate purposes	2.3	2.3	–
<b>Total</b>	<b>23.4</b>	<b>15.2</b>	<b>8.2</b>

In view of the challenging economic environment, the Group has deferred the implementation of some business objectives and such planned business expenses. The remaining proceeds is expected to be utilised by 30 June 2021.

As at the date of this 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 2020, the Group had an aggregate of 79 (31 December 2019: 81) employees.

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

Total staff costs, including Directors' emoluments, amounted to approximately S\$2,035,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately S\$1,571,000).

### EVENT AFTER THE REPORTING PERIOD

An extraordinary general meeting was held on 17 July 2020 in which the resolution to approve the proposed share consolidation of every twenty-five (25) issued and unissued shares of par value of HK\$0.00125 each be consolidated into one (1) consolidated share of par value of HK\$0.03125 each (the "Share Consolidation") was passed by the shareholders of the Company. The Share Consolidation became effective on 21 July 2020. Please refer to the announcements and circular of the Company dated 10 June 2020, 29 June 2020 and 17 July 2020 for details of the Share Consolidation.

## 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 2020, 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 Directors	Nature of interest	Number of shares held	Number of underlying shares held <sup>(2)</sup>	Approximate percentage of issued share capital
<b>Executive Directors:</b>				
Tan Thiam Kiat Kelvin	Interest of controlled company <sup>(1)</sup>	983,440,000	–	30.73%
Kong Weishan	Beneficial owner	–	32,000,000	1.00%



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Directors	Nature of interest	Number of shares held	Number of underlying shares held <sup>(2)</sup>	Approximate percentage of issued share capital
<b>Independent non-executive Directors:</b>				
Lau Muk Kan	Beneficial owner	–	32,000,000	1.00%
Lock Kiu Yin	Beneficial owner	–	32,000,000	1.00%
Xiao Laiwen	Beneficial owner	–	32,000,000	1.00%

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, Mr. Tan Thiam Kiat Kelvin is deemed to be interested in all the shares held by Absolute Truth Investments Limited.
- (2) On 9 April 2020, the Company granted share options to Ms. Kong Weishan, Mr. Lau Muk Kan, Mr. Lock Kiu Yin and Mr. Xiao Laiwen under the share option scheme of the Company at an exercise price of HK\$0.018 per share with a validity period of two years from 9 April 2020 to 8 April 2022 (both days inclusive).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2020, 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 2020, 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%
Tan Kwang Hwee Peter	Interest of controlled company <sup>(1)</sup>	983,440,000	30.73%
Wang Ya Fei	Beneficial owner	240,000,000	7.50%
Han Dongshen	Beneficial owner	176,000,000	5.50%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 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, Mr. Tan Kwang Hwee Peter is deemed to be interested in all the shares held by Absolute Truth Investments Limited.

Save as disclosed above, as at 30 June 2020, 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.

### COMPETING BUSINESS

During the six months ended 30 June 2020, none of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest in business which competed with or might compete with the business of the Group or had any other conflict of interest with the Group.

### SHARE OPTION SCHEME

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

On 9 April 2020, the Company granted a total of 320,000,000 share options to Directors and employees of the Group under the Share Option Scheme at an exercise price of HK\$0.018 per share with a validity period of two years from 9 April 2020 to 8 April 2022 (both days inclusive). The closing price of the Company's shares immediately before the date of grant is HK\$0.018.

Save as disclosed above, during the six months ended 30 June 2020, no share options was granted, exercised, lapsed or cancelled under the Share Option Scheme. As at 30 June 2020, there were 320,000,000 outstanding share options.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### **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 six months ended 30 June 2020.

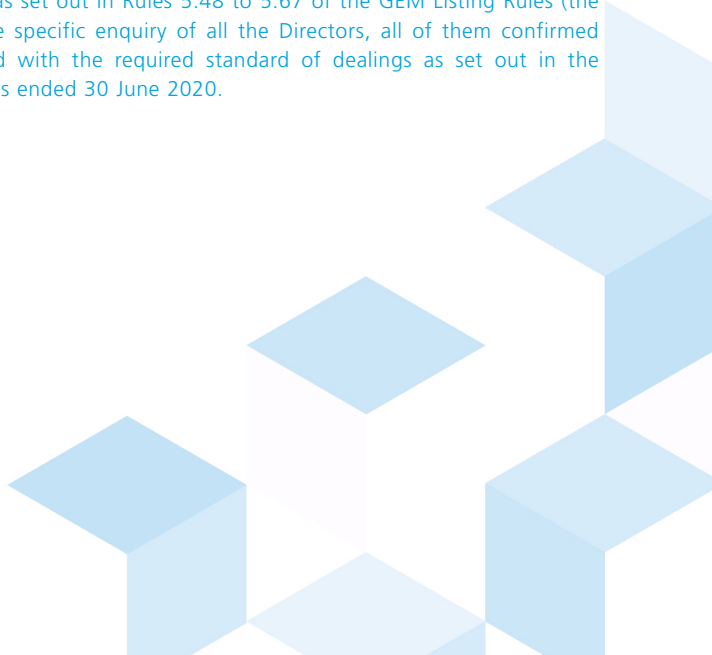
### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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 2020.

### **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 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 2020.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 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. Xiao Laiwen 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 Group's unaudited condensed consolidated results for the six months ended 30 June 2020 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

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

Singapore, 7 August 2020

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