

KPM HOLDING LIMITED

吉輝控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

Interim Report

2021



* 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 is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 30 June 2021 respectively, together with the unaudited comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Revenue	3	3,387,936	793,739	8,306,509	2,625,036
Cost of sales		(2,867,010)	(798,495)	(6,740,868)	(2,218,454)
Gross profit (loss)		520,926	(4,756)	1,565,641	406,582
Other income	4	145,835	238,022	326,396	310,493
Other gains and losses	5	16,149	(188,299)	139,567	385,102
Selling and administrative expenses		(645,951)	(1,416,448)	(1,415,054)	(2,497,869)
Finance costs	6	(7,578)	(17,530)	(15,279)	(36,901)
Profit (Loss) before income tax		29,381	(1,389,011)	601,271	(1,432,593)
Income tax (expense)/credit	7	(12,900)	48,100	(110,300)	68,300
Profit (Loss) for the period		16,481	(1,340,911)	490,971	(1,364,293)
Other comprehensive income (loss):					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on translation of foreign operations		3,917	31,921	(23,320)	(62,985)
Total comprehensive income (loss) for the period		20,398	(1,308,990)	467,651	(1,427,277)
Earnings/(Losses) per share			(restated)		(restated)
Basic and diluted (S\$ cents)	8	0.010	(1.048)	0.328	(1.066)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
Non-current assets			
Property, plant and equipment		2,783,713	2,901,942
Right-of-use assets		1,427,285	1,549,650
Deferred tax assets		29,411	139,711
Total non-current assets		4,240,409	4,591,303
Current assets			
Inventories		237,620	274,746
Trade and other receivables	10	7,859,155	7,355,589
Contract assets		2,242,275	–
Pledged bank deposits		213,716	213,716
Bank and cash balances		2,698,344	3,260,267
Total current assets		13,251,110	11,104,318
Current liabilities			
Trade payables	11	747,904	1,396,492
Other payables and accruals		578,464	754,058
Contract liabilities		194,251	207,126
Bank loan		360,246	357,784
Lease liabilities		21,931	56,610
Total current liabilities		1,902,796	2,772,070
Net current assets		11,348,314	8,332,248
Total assets less current liabilities		15,588,723	12,923,551

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
Non-current liabilities			
Bank loan		2,428,050	2,609,694
Lease liabilities		42,553	50,236
Total non-current liabilities		2,470,603	2,659,930
NET ASSETS			
Capital and reserves			
Share capital	12	1,200,855	689,655
Share premium		14,002,553	12,126,905
Merger reserves		(4,570,095)	(4,570,095)
Share-based payment reserve		539,758	539,758
Currency translation reserve		25,629	48,949
Accumulated profits		1,919,420	1,428,449
TOTAL EQUITY		13,118,120	10,263,621

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2021*

	Share capital S\$	Share premium S\$	Merger reserves S\$	Share-based payment reserve S\$	Currency translation reserve S\$	Accumulated profits S\$	Total S\$
At 1 January 2020 (Audited)	689,655	12,126,905	(4,570,095)	–	17,359	4,855,728	13,119,552
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)	689,655	12,126,905	(4,570,095)	539,758	(45,626)	3,491,435	12,232,032
At 1 January 2021 (Audited)	689,655	12,126,905	(4,570,095)	539,758	48,949	1,428,449	10,263,621
Total comprehensive income for the period:							
Profit for the period	–	–	–	–	–	490,971	490,971
Other comprehensive loss:							
Foreign currency translation	–	–	–	–	(23,320)	–	(23,320)
Total comprehensive income	–	–	–	–	(23,320)	490,971	467,651
Placing of new shares	511,200	1,875,648	–	–	–	–	2,386,848
At 30 June 2021 (Unaudited)	1,200,855	14,002,553	(4,570,095)	539,758	25,629	1,919,420	13,118,120

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Net cash used in operating activities	(2,716,679)	(308,708)
Net cash used in investing activities	(49,700)	(1,522,394)
Net cash from (used in) financing activities	2,150,024	(280,373)
Net decrease in cash and cash equivalents	(616,355)	(2,111,475)
Cash and cash equivalents, represented by bank and cash balances at 1 January	3,260,267	7,629,334
Effect of exchange rate changes	54,432	190,130
Cash and cash equivalents, represented by bank and cash balances at 30 June	2,698,344	5,707,989

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was a public limited company incorporated and registered as an exempted company in the Cayman Islands with limited liability on 10 March 2015 and its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. Its parent is Absolute Truth Investments Limited (incorporated in the British Virgin Islands). Its ultimate controlling parties are Mr. Tan Thiam Kiat Kelvin, who is also the Chairman and Executive Directors of the Company, and Mr. Tan Kwang Hwee Peter. 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. The principal place of business in Hong Kong registered is Unit 1104A, 11F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, 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 operating subsidiaries are principally engaged in the design, fabrication, installation and maintenance of signage and related products and the provision of fitting-out and renovation services for commercial premises and residential developments.

The condensed consolidated financial information is presented in Singapore Dollar (“S\$” or “\$”), which is also the functional currency of the Company.

This unaudited condensed consolidated interim financial information was approved by the Board of the Company on 6 August 2021.

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 2020, 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 2020 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2021 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

The Group's reportable and operating segments under IFRS 8 "Operating Segments" are as follows:

(i) Signage business

Sale of signage, bollard, variable-message signs, bus stops, linkways and aluminium railing to customers.

(ii) Fitting-out and renovation services

Provision of fitting-out and renovation services for commercial premises and residential developments.

Information about reportable segments for the six months ended 30 June 2021 and 2020 is as follows:

For the six months ended 30 June 2021

	Signage business		Fitting-out and renovation services		Total	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Segment revenue	4,165,859	2,625,036	4,140,650	–	8,306,509	2,625,036
Segment profit (loss)	482,804	(580,830)	164,865	–	647,669	(580,830)
Unallocated income					465,963	695,595
Finance costs					(15,279)	(36,901)
Unallocated expenses					(497,082)	(1,510,457)
Profit (loss) before income tax					601,271	(1,432,593)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Fitting-out and renovation services (Continued)

For the three months ended 30 June 2021

	Signage business		Fitting-out and renovation services		Total	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Segment revenue	1,850,041	793,739	1,537,895	–	3,387,936	793,739
Segment profit (loss)	5,030	(459,914)	114,656	–	119,686	(459,914)
Unallocated income, net					161,984	49,723
Finance costs					(7,578)	(17,530)
Unallocated expenses					(244,711)	(961,290)
Profit (loss) before income tax					29,381	(1,389,011)

Segment profit/(loss) represents the profit/(loss) from each segment before income tax without allocation of other income, other gains or losses, selling and administrative expenses and finance costs.

Geographical information

In presenting the geographical information, revenue is based on the locations of the customers.

	Revenue from external customers			
	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Singapore	1,850,041	793,739	4,165,859	2,625,036
Hong Kong	1,537,895	–	4,140,650	–
	3,387,936	793,739	8,306,509	2,625,036

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Interest income	68,053	43,690	135,928	97,279
Government grants	68,018	194,332	175,470	204,860
Others	9,764	–	14,998	8,354
	145,835	238,022	326,396	310,493

5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
(Allowance for) Reversal of doubtful debts	–	–	(9,860)	104
Bad debts recovered	500	–	500	–
Foreign exchange gain (loss), net	27,331	(190,299)	160,609	386,363
Gain on disposal of plant and equipment	300	2,000	300	2,000
Plant and equipment written off	(11,982)	–	(11,982)	(3,365)
	16,149	(188,299)	139,567	385,102

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Interests expenses on:				
– Term loan	6,702	15,140	13,267	31,642
– Lease liabilities	876	2,390	2,012	5,259
	7,578	17,530	15,279	36,901

7. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Current tax – Singapore Corporate Income Tax ("CIT")	12,900	(48,100)	110,300	(68,300)

Singapore CIT is calculated at 17% of the estimated assessable profit. 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 EXPENSE/(CREDIT) (Continued)

The income tax expense/(credit) 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	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Profit (Loss) before tax	29,381	(1,389,011)	601,271	(1,432,593)
Tax at Singapore CIT of 17%	4,995	(236,132)	102,216	(243,541)
Tax effect of expenses not deductible for tax purpose	30,758	174,886	64,049	208,227
Tax effect of income not taxable	(20,105)	13,167	(51,135)	(32,921)
Others	(2,748)	(21)	(4,830)	(65)
Income tax expense/(credit) for the period	12,900	(48,100)	110,300	(68,300)

No provision for Hong Kong Profit Tax has been made as the Group had no assessable profit in Hong Kong during the six months ended 30 June 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS/(LOSSES) PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Profit/(Loss) attributable to the owners of the Company	16,481	(1,340,911) (restated)	490,971	(1,364,293) (restated)
Number of ordinary shares in issue	170,782,609	128,000,000	149,626,374	128,000,000
Basic and diluted earnings/(losses) per share (S\$ cents)	0.010	(1.048)	0.328	(1.066)

An extraordinary general meeting was held on 4 May 2021 in which the resolution to approve the proposed placing of 96,000,000 new ordinary shares of par value of HK\$0.03125 each (the "Placing Share"), at the placing price of HK\$0.15 per Placing Share (the "Placing") was passed by the shareholders of the Company. The Placing has completed on 21 May 2021. Please refer to the announcements and circular of the Company dated 16 April 2021, 4 May 2021 and 21 May 2021 for details of the Placing.

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.

The weighted average number of ordinary shares during the six months ended 30 June 2020 have been adjusted for the Share Consolidation.

The diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share as there were no dilutive potential ordinary shares outstanding for the period ended 30 June 2021. The effect of the exercise of share options was not included in the calculation of diluted earnings/(losses) per share as they are anti-dilutive during the period ended 30 June 2021.

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 2021 (2020: Nil).

10. TRADE AND OTHER RECEIVABLES

	30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
Trade receivables	1,516,758	2,012,480
Less: Allowance for expected credit losses	(574,591)	(565,231)
	942,167	1,447,249
Retention receivables	640,188	648,963
Less: Allowance for expected credit losses	(20,373)	(20,373)
Purchase advances paid to suppliers	2,516,203	1,480,300
Bank interest receivables	277	118
Rental and other deposits	34,697	24,324
Prepayments	73,792	297,235
Loan and other receivables	3,704,642	3,510,211
Less: Allowance for expected credit losses	(32,438)	(32,438)
	7,859,155	7,355,589

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES (Continued)

For majority of customers, invoices may be raised in according to the schedule set out in the sales contracts (i.e. recognised as billing in advance) 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:

	30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
1-30 days	559,727	617,239
31-60 days	248,721	613,585
61-90 days	25,969	34,405
91-180 days	17,840	95,332
181-365 days	15,030	34,907
Over 365 days	74,880	51,781
	942,167	1,447,249

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.

Loans receivables are the loans which are granted to independent third parties for a term of 1 year (31 December 2020: 1 year) with effective interest of 7% to 10% (31 December 2020: 7% to 10%) per annum. As at 30 June 2021, loans of S\$3,024,631 (31 December 2020: S\$2,867,964) are secured by individual guarantee of independent third parties. The loan receivables outstanding as at 30 June 2021 and 31 December 2020 are denominated in Hong Kong Dollars.

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:

	30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
0–30 days	371,057	557,881
31–90 days	153,980	804,256
Over 90 days	222,867	34,355
	747,904	1,396,492

12. SHARE CAPITAL

	Number of shares	Par value HK\$	Share capital HK\$
Authorised:			
31 December 2020, 1 January 2021 and 30 June 2021	1,600,000,000	0.03125	50,000,000
	Number of shares	Share capital S\$	
Issued and fully paid:			
At 31 December 2020 and 1 January 2021	128,000,000	689,655	
Placing of new shares	96,000,000	511,200	
At 30 June 2021	224,000,000	1,200,855	

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	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Short-term benefits	41,800	42,588	88,600	95,410
Post-employment benefits	3,060	3,060	6,970	7,820
Share-based payment expenses	–	57,622	–	57,622
	44,860	103,270	95,570	160,852

The remuneration of executive directors of the Group is determined by having regard to their qualifications, experience and duties and responsibilities with the Company and the prevailing market conditions.

14. CONTINGENT LIABILITIES (SECURED)

The Group has following contingent liabilities:

	30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
Guarantee provided in respect of performance bonds in favor of customers	13,500	21,200

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

During the six months ended 30 June 2021, the Group was principally engaged in the design, fabrication, installation and maintenance of signage and related products and provision of fitting-out and renovation services for commercial premises and residential developments.

FINANCIAL REVIEW

For the six months ended 30 June 2021, the Group recorded a revenue of approximately S\$8,307,000 (2020: S\$2,625,000) and profit of approximately S\$491,000 (2020: loss of approximately S\$1,364,000).

Revenue had increased by approximately 216.4% or S\$5,682,000. The gross profit and gross profit margin for the six months ended 30 June 2021 was approximately S\$1,566,000 (2020: S\$407,000) and approximately 18.8% (2020: 22.5%) respectively. Increase of revenue is mainly due to the revenue generated for the fitting-out and renovation services business during the six months ended 30 June 2021 and the improvement in construction demand during the ongoing COVID-19 pandemic.

Other income for the six months ended 30 June 2021 included government grants of approximately S\$175,000 which is mainly in respect of COVID-19 related subsidies. The Group also recorded approximately S\$136,000 interest income which was mainly arise from loan receivables.

Other gains and losses for the six months ended 30 June 2021 included approximately S\$161,000 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 2021 was approximately S\$1,415,000 (2020: S\$2,498,000) representing an decrease of S\$1,083,000 or 43.3% mainly due to lesser staff costs, advertisement expenses and legal and professional fees incurred.

The Group recorded a profit before tax for the six months ended 30 June 2021 of approximately S\$601,000, compared to loss before tax of S\$1,433,000 for the corresponding period in 2020.

Profit for the six months ended 30 June 2021 was approximately S\$491,000, compared to loss of S\$1,364,000 for the corresponding period in 2020.

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 2021, the cash and cash equivalents of the Group has decreased by approximately S\$562,000. This was mainly arise from net cash used in operating activities of approximately S\$2,717,000 and repayment of bank loan of approximately S\$180,000, offset with net proceeds from issuance of new shares of approximately S\$2,387,000.

The total interest-bearing borrowing of the Group as at 30 June 2021 was S\$2,853,000 (31 December 2020: S\$3,074,000). The Group's gearing ratio as at 30 June 2021 was approximately 16.3% (31 December 2020: approximately 19.5%), which is calculated as the Group's total borrowing over the Group's total assets.

As at 30 June 2021, the Group had cash and cash equivalents of approximately S\$2,698,000 (31 December 2020: approximately S\$3,260,000) which were placed with major banks in Singapore and Hong Kong.

BUSINESS REVIEW

Revenue from the sale of signage, bollard, variable-message signs, bus stops and aluminium railing in the public and private sectors in Singapore was amounted to approximately S\$3,963,000 and S\$203,000 for the six months ended 30 June 2021 and 2020 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 increased by approximately S\$1,638,000 mainly due to improvement in construction demand during COVID-19 pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group commenced the business of provision of fitting-out and renovation services for commercial premises and residential developments in the forth quarter of 2020. The Group is responsible for the overall management of the contracted projects which involves sourcing, procurement and quality control of materials, arrangement of subcontractors, and supervision and inspection of the project progress until completion and may also provide design services upon clients' request. Revenue from this segment was amounted to approximately S\$4,141,000 during the six months ended 30 June 2021.

PROSPECTS

Looking forward, the demand in the construction sector activities in Singapore will slowly recover, yet the construction industry in Singapore will remain challenging due to the ongoing COVID-19 pandemic which led to the fierce competition in bidding prices and higher material costs. The Group will dedicate more efforts in the business of provision of fitting-out and renovation services so as to diversify the business portfolio and broaden its source of income. 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 gain of approximately S\$161,000 mainly arise from loan receivables and cash and cash equivalents denominated in Hong Kong Dollars which was appreciating against the Singapore Dollars.

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 2021.

CHARGES ON GROUP'S ASSETS

As at 30 June 2021, the Group's borrowings are secured by the lessor's title to the relevant leasehold land, building and leased motor vehicles with the aggregate carrying values amounting to approximately S\$3,969,000 (31 December 2020: S\$4,194,000).

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 June 2021, the guarantees in respect of performance bonds in favor of our customers of approximately S\$14,000 (31 December 2020: S\$21,000) is secured by pledged bank deposits.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group did not have any capital commitment (31 December 2020: Nil).

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 8 February 2021, the Company proposed to place up to 96,000,000 Placing Shares to not less than six places who and whose beneficial owners are independent third parties at a price of HK\$0.15 per Placing Share, representing a discount of approximately 1.3% to the closing price of HK\$0.152 per share as quoted on the Stock Exchange on 8 February 2021, being the date of the placing agreement entered into between the Company and the placing agent in relation to the Placing.

The Placing has completed on 21 May 2021, and 96,000,000 Placing Shares were allotted and issued which carried the aggregate nominal value of HK\$3 million. The gross and net proceeds (after deduction of commission and other expenses of the Placing) raised from the Placing are approximately HK\$14.4 million and approximately HK\$14.0 million, respectively. The net placing price was approximately HK\$0.146 per Placing Share.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide working capital to the Group to meet capital requirement for the expansion and operation of the business of provision of fitting-out and renovation services.

Please refer to the announcements of the Company dated 8 February 2021, 4 May 2021 and 21 May 2021 and the circular of the Company dated 16 April 2021 for details of the Placing.



MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

Business objectives	Planned expenses as stated in the circular of the Company dated 16 April 2021 HK\$ (in million)	Actual use of proceeds up to the date of this report HK\$ (in million)	Balance available as at the date of this report HK\$ (in million)	Expected timeline for full utilisation of the remaining net proceeds
Expansion and operation of the business of provision of fitting-out and renovation services for commercial premises and residential developments	14.0	(10.0)	4.0	By 31 December 2021

EMPLOYEE INFORMATION

As at 30 June 2021, the Group had an aggregate of 68 (31 December 2020: 75) 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\$1,438,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately S\$2,035,000).

EVENT AFTER THE REPORTING PERIOD

No significant events have been taken place subsequent to 30 June 2021.

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 2021, 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 ⁽²⁾	Approximate percentage of issued share capital
Executive Directors:				
Tan Thiam Kiat Kelvin	Interest of controlled company ⁽¹⁾	39,337,600	–	17.56%
Kong Weishan	Beneficial owner	–	1,280,000	0.57%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Directors	Nature of interest	Number of shares held	Number of underlying shares held ⁽²⁾	Approximate percentage of issued share capital
Independent non-executive Directors:				
Lau Muk Kan	Beneficial owner	–	1,280,000	0.57%
Lock Kiu Yin	Beneficial owner	–	1,280,000	0.57%
Xiao Laiwen	Beneficial owner	–	1,280,000	0.57%

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\$0.45 per share (adjusted) 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 2021, 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 2021, 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	39,337,600	17.56%
Tan Kwang Hwee Peter	Interest of controlled company ⁽¹⁾	39,337,600	17.56%



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 2021, 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

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 six months ended 30 June 2021.

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 12,800,000 share options (adjusted) to Directors and employees of the Group under the Share Option Scheme at an exercise price of HK\$0.45 per share (adjusted) 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\$0.45 (adjusted).

During the six months ended 30 June 2021, no share options was granted, exercised, lapsed or cancelled under the Share Option Scheme. As at 30 June 2021, there were 12,800,000 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 2021.

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 2021.

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 during the six months ended 30 June 2021.



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 audit committee has reviewed the Group's unaudited condensed consolidated results for the six months ended 30 June 2021 and is of the opinion that such results has been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

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

Singapore, 6 August 2021

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.