

KPM HOLDING LIMITED

吉輝控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

Interim Report

2022

* 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 2022 respectively, together with the unaudited comparative figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Note	Three months ended 30 June		Six months ended 30 June	
		2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Revenue	3	5,863,080	3,387,936	11,853,616	8,306,509
Cost of sales		(5,442,323)	(2,867,010)	(9,907,238)	(6,740,868)
Gross profit		420,757	520,926	1,946,378	1,565,641
Other income	4	104,864	145,835	195,987	326,396
Other gains and losses	5	269,445	15,649	250,924	148,927
Selling and administrative expenses		(1,334,053)	(645,951)	(1,880,447)	(1,415,054)
Allowance for expected credit losses, net		10,580	500	(20,796)	(9,360)
Finance costs	6	(10,558)	(7,578)	(19,819)	(15,279)
(Loss)/Profit before income tax		(538,965)	29,381	472,227	601,271
Income tax credit/(expense)	7	217,739	(12,900)	36,700	(110,300)
(Loss)/Profit for the period		(321,226)	16,481	508,927	490,971
Other comprehensive (loss) income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on translation of foreign operations		(8,852)	3,917	(11,492)	(23,320)
Total comprehensive (loss) income for the period		(330,078)	20,398	497,435	467,651
(Losses)/Earnings per share Basic and diluted (S\$ cents)	8	(0.137)	0.010	0.222	0.328

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
Non-current assets			
Property, plant and equipment		2,567,390	2,676,012
Right-of-use assets		1,236,374	1,292,924
Deferred tax assets		88,211	51,511
Total non-current assets		3,891,975	4,020,447
Current assets			
Inventories		297,986	295,424
Trade and other receivables	10	4,070,410	5,558,245
Contract assets		8,901,221	3,603,752
Bank and cash balances		3,119,544	3,616,810
Total current assets		16,389,161	13,074,231
Current liabilities			
Trade payables	11	1,980,904	905,156
Other payables and accruals		493,580	499,575
Contract liabilities		143,168	161,585
Bank loan		359,341	356,881
Lease liabilities		15,893	15,541
Total current liabilities		2,992,886	1,938,738
Net current assets		13,396,275	11,135,493
Total assets less current liabilities		17,288,250	15,155,940

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
Non-current liabilities			
Bank loan		2,071,297	2,251,560
Lease liabilities		26,659	34,695
Total non-current liabilities		2,097,956	2,286,255
NET ASSETS			
Capital and reserves			
Share capital	12	1,271,455	1,200,855
Share premium		15,488,351	14,002,553
Merger reserves		(4,570,095)	(4,570,095)
Share-based payment reserve		806,534	539,758
Currency translation reserve		10,915	22,407
Accumulated profits		2,183,134	1,674,207
TOTAL EQUITY		15,190,294	12,869,685

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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 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
At 1 January 2022 (Audited)	1,200,855	14,002,553	(4,570,095)	539,758	22,407	1,674,207	12,869,685
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	508,927	508,927
Other comprehensive loss:							
Foreign currency translation	-	-	-	-	(11,492)	-	(11,492)
Total comprehensive income	-	-	-	-	(11,492)	508,927	497,435
Exercise of share options	70,600	1,485,798	-	(539,758)	-	-	1,016,640
Recognition of equity-settled share-based payment	-	-	-	806,534	-	-	806,534
At 30 June 2022 (Unaudited)	1,271,455	15,488,351	(4,570,095)	806,534	10,915	2,183,134	15,190,294

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Net cash used in operating activities	(1,361,655)	(2,716,679)
Net cash used in investing activities	(22,700)	(49,700)
Net cash from financing activities	811,335	2,150,024
Net decrease in cash and cash equivalents	(573,020)	(616,355)
Cash and cash equivalents, represented by bank and cash balances at 1 January	3,616,810	3,260,267
Effect of exchange rate changes	75,754	54,432
Cash and cash equivalents, represented by bank and cash balances at 30 June	3,119,544	2,698,344

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 business of 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 on 12 August 2022.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021, 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 2021 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2022 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 operating and reportable 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 2022 and 2021 is as follows:

For the six months ended 30 June 2022

	Signage business		Fitting-out and renovation services		Total	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Segment revenue	3,224,411	4,165,859	8,629,205	4,140,650	11,853,616	8,306,509
Segment profit/(loss)	(171,322)	482,804	1,352,900	164,865	1,181,578	647,669
Unallocated other income and other gains and losses					330,205	475,323
Corporate and other unallocated expenses					(1,039,556)	(521,721)
Profit before income tax					472,227	601,271

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the three months ended 30 June 2022

	Signage business		Fitting-out and renovation services		Total	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Segment revenue	1,537,147	1,850,041	4,325,933	1,537,895	5,863,080	3,387,936
Segment profit/(loss)	(81,257)	5,030	131,449	114,656	50,192	119,686
Unallocated other income and other gains and losses					296,517	161,484
Corporate and other unallocated expenses					(885,674)	(251,789)
(Loss) profit before income tax					(538,965)	29,381

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

Geographical information

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

The Group operates in two principal geographical areas – Singapore and Hong Kong. The following table provides an analysis of the Group's revenue from external customers:

	Three months ended 30 June		Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Singapore	1,537,147	1,850,041	3,224,411	4,165,859
Hong Kong	4,325,933	1,537,895	8,629,205	4,140,650
	5,863,080	3,387,936	11,853,616	8,306,509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Interest income	52,358	68,053	104,566	135,928
Government grants	29,176	68,018	55,546	175,470
Others	23,330	9,764	35,875	14,998
	104,864	145,835	195,987	326,396

5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Foreign exchange gain, net	269,445	27,331	250,924	160,609
Gain on disposal of plant and equipment	–	300	–	300
Plant and equipment written off	–	(11,982)	–	(11,982)
	269,445	15,649	250,924	148,927

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Interests expenses on:				
– Term loan	10,054	6,702	18,766	13,267
– Lease liabilities	504	876	1,053	2,012
	10,558	7,578	19,819	15,279

7. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Current tax – Singapore Corporate Income Tax ("CIT")	(217,739)	12,900	(36,700)	110,300

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.

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%. No provision for Hong Kong Profits Tax has been made since the Group has no assessable profit for the three months and six months ended 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The income tax (credit)/expense for the period 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	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
(Loss)/Profit before tax	(538,965)	29,381	472,227	601,271
Tax at Singapore CIT of 17%	(91,624)	4,995	80,279	102,216
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	2,375	–	(3,287)	–
Tax effect of expenses not deductible for tax purpose	142,111	30,758	162,252	64,049
Tax effect of income not taxable	(270,571)	(20,105)	(276,019)	(51,135)
Others	(30)	(2,748)	75	(4,830)
Income tax (credit)/expense for the period	(217,739)	12,900	(36,700)	110,300

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. (LOSSES)/EARNINGS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
(Loss)/Profit attributable to the owners of the Company	(321,226)	16,481	508,927	490,971
Weighted average number of ordinary shares in issue	235,252,747	170,782,609	229,657,459	149,626,374
Basic and diluted (losses)/earnings per share (S\$ cents)	(0.137)	0.010	0.222	0.328

On 12 April 2022, an aggregate of 12,800,000 shares have been allotted and issued by the Company upon exercise of 12,800,000 share options under the share option scheme of the Company. The aggregate nominal value of the issued shares was HK\$400,000 and the total consideration received by the Company was HK\$5,760,000.

The diluted (losses)/earnings per share is the same as the basic (losses)/earnings per share as there were no dilutive potential ordinary shares outstanding for the period ended 30 June 2022. The effect of the exercise of share options was not included in the calculation of diluted (losses)/earnings per share as they are anti-dilutive during the period ended 30 June 2022.

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 2022 (2021: Nil).

10. TRADE AND OTHER RECEIVABLES

	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
Trade receivables	1,672,307	1,519,460
Less: Allowance for expected credit losses	(700,865)	(720,123)
	971,442	799,337
Purchase advances paid to suppliers	212,330	1,994,840
Rental and other deposits	36,607	30,110
Prepayments	99,632	58,436
Loan and other receivables	2,778,788	2,703,911
Less: Allowance for expected credit losses	(28,389)	(28,389)
	4,070,410	5,558,245

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES (Continued)

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:

	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
1-30 days	599,587	537,364
31-60 days	303,937	148,134
61-90 days	58,073	56,668
91-180 days	–	20,277
181-365 days	8,715	3,290
Over 365 days	1,130	33,604
	971,442	799,337

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.

Loans receivables are the loans which are granted to independent third parties for a term of 1 year (31 December 2021: 1 year) with effective interest of 7% to 10% (31 December 2021: 7% to 10%) per annum. As at 30 June 2022, loans of S\$2,546,566 (31 December 2021: S\$2,522,371) are secured by individual guarantee of independent third parties. The loan receivables outstanding as at 30 June 2022 and 31 December 2021 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 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
0–30 days	1,641,851	535,264
31–90 days	197,339	224,391
Over 90 days	141,714	145,501
	1,980,904	905,156

12. SHARE CAPITAL

	Number of shares	Par value HK\$	Share capital HK\$
Authorised:			
31 December 2021, 1 January 2022 and 30 June 2022	1,600,000,000	0.03125	50,000,000
	Number of shares	Share capital S\$	
Issued and fully paid:			
At 31 December 2021 and 1 January 2022	224,000,000	1,200,855	
Exercise of share options	12,800,000	70,600	
At 30 June 2022	236,800,000	1,271,455	

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	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Short-term benefits	41,800	41,800	86,100	88,600
Post-employment benefits	3,060	3,060	6,545	6,970
	44,860	44,860	92,645	95,570

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.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

During the six months ended 30 June 2022, 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 2022, the Group recorded a revenue of approximately S\$11,854,000 (2021: S\$8,307,000) and profit of approximately S\$509,000 (2021: S\$491,000).

Revenue had increased by approximately 42.7% or S\$3,547,000. The gross profit and gross profit margin for the six months ended 30 June 2022 was approximately S\$1,946,000 (2021: S\$1,566,000) and approximately 16.4% (2021: 18.8%) 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 2022 offset with decline of the demand in construction sector activities and fierce competition in the market of Singapore.

Other income for the six months ended 30 June 2022 included government grants of approximately S\$56,000 which is mainly in respect of COVID-19 related subsidies. The Group also recorded approximately S\$105,000 interest income which was mainly arise from loan receivables.

Other gains and losses for the six months ended 30 June 2022 included approximately S\$251,000 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and administrative expenses for the six months ended 30 June 2022 was approximately S\$1,880,000 (2021: S\$1,415,000) representing an increase of S\$465,000 or 32.9% mainly due to share-based payment expenses, offset with lesser advertisement expenses and legal and professional fees incurred.

The Group recorded a profit before tax for the six months ended 30 June 2022 of approximately S\$472,000, compared to S\$601,000 for the corresponding period in 2021.

Profit for the six months ended 30 June 2022 was approximately S\$509,000, compared to S\$491,000 for the corresponding period in 2021.

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 2022, the cash and cash equivalents of the Group has decreased by approximately S\$497,000. This was mainly arise from net cash used in operating activities of approximately S\$1,362,000 and repayment of bank loan of approximately S\$178,000, offset with consideration from exercise of share options of approximately S\$1,017,000.



MANAGEMENT DISCUSSION AND ANALYSIS

The total interest-bearing borrowing of the Group as at 30 June 2022 was S\$2,473,000 (31 December 2021: S\$2,659,000). The Group's gearing ratio as at 30 June 2022 was approximately 12.2% (31 December 2021: approximately 15.6%), which is calculated as the Group's total borrowing over the Group's total assets.

As at 30 June 2022, the Group had cash and cash equivalents of approximately S\$3,120,000 (31 December 2021: approximately S\$3,617,000) 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\$3,224,000 and S\$4,166,000 for the six months period ended 30 June 2022 and 2021 respectively. The revenue has decreased by approximately S\$942,000 mainly due to decline of the demand in construction sector activities and fierce competition in the market of Singapore.

Revenue from the business of provision of fitting-out and renovation services for commercial premises and residential developments was amounted to approximately S\$8,629,000 and S\$4,141,000 for the six months period ended 30 June 2022 and 2021 respectively. 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. The revenue increased by approximately S\$4,488,000 mainly due to higher number of projects undertaken during the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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 deploy more resources to the business of provision of fitting-out and renovation services to meet the capital requirement for expansion and operation of the business. 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\$251,000 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 2022.

CHARGES ON GROUP'S ASSETS

As at 30 June 2022, 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\$3,574,000 (31 December 2021: S\$3,733,000).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 30 June 2022, the Group did not have any capital commitment (31 December 2021: Nil).

EMPLOYEE INFORMATION

As at 30 June 2022, the Group had an aggregate of 80 (31 December 2021: 70) 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\$2,228,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately S\$1,438,000).

EVENT AFTER THE REPORTING PERIOD

No significant events have been taken place subsequent to 30 June 2022.

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 2022, 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	Approximate percentage of issued share capital
Executive Directors:			
Tan Thiam Kiat Kelvin	Interest of controlled company ⁽¹⁾	39,337,600	16.61%
Kong Weishan	Beneficial owner	1,280,000	0.54%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Directors	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Independent non-executive Directors:			
Lau Muk Kan	Beneficial owner	1,280,000	0.54%
Lock Kiu Yin	Beneficial owner	1,280,000	0.54%
Xiao Laiwen	Beneficial owner	1,280,000	0.54%

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.

Save as disclosed above, as at 30 June 2022, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2022, 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	16.61%
Tan Kwang Hwee Peter	Interest of controlled company ⁽¹⁾	39,337,600	16.61%

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 2022, 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

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 2022.

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). On 4 April 2022, the Company received exercise notices from the relevant option holders of a total of 12,800,000 outstanding share options. On 12 April 2022, an aggregate of 12,800,000 shares have been allotted and issued by the Company upon exercise of 12,800,000 share options. The aggregate nominal value of the issued shares was HK\$400,000 and the total consideration received by the Company was HK\$5,760,000. The weighted average closing price of the Company's shares immediately before the date on which the options were exercised (i.e. 1 April 2022) was HK\$0.495.

On 7 April 2022, the Company granted a total of 22,400,000 share options to employees of the Group under the Share Option Scheme at an exercise price of HK\$0.50 per share with a validity period of two years from 7 April 2022 to 6 April 2024 (both days inclusive). The closing price of the Company's shares immediately before the date of grant is HK\$0.50. The share options was immediately vested when it grant. There was no market vesting condition or non-market performance condition associated with the options granted.

The estimated fair values of the options granted on 7 April 2022 was S\$806,534, which have been charged as share-based payment expenses to profit or loss for the six months ended 30 June 2022. The fair values were calculated using the binomial model. The measurement date was 7 April 2022. The inputs into the model were as follows:

Exercise price	HK\$0.50
Expected volatility	102.18%
Expected life	2 years
Risk-free rate	1.97%
Expected dividend yield	0%

CORPORATE GOVERNANCE AND OTHER INFORMATION

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The assumptions used in computing the fair value of the share options are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Saved as disclosed above, no share options was granted, exercised, lapsed or cancelled under the Share Option Scheme during the six months ended 30 June 2022. As at 1 January 2022, there were 12,800,000 outstanding share options. As at 30 June 2022, there were 22,400,000 outstanding share options.

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 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board strives to uphold the principles and code provisions set out in the Corporate Governance Code as contained in part 2 of Appendix 15 to the GEM Listing Rules (the "CG Code"), 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 2022.

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 2022.

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 2022 and this report and is of the opinion that such results and report 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, 12 August 2022

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.