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KPM HOLDING LIMITED

吉輝控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8027)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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

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

ANNUAL RESULTS

The board (the “Board”) of Directors is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023 together with comparative figures for the corresponding year in 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>S\$</i>	2022 <i>S\$</i>
Revenue	4	14,008,147	30,379,066
Cost of sales and services		(8,796,525)	(27,017,471)
Gross profit		5,211,622	3,361,595
Other income		87,759	347,283
Foreign exchange losses, net		(282,817)	(90,847)
Selling and administrative expenses		(3,529,467)	(4,178,024)
Allowances for expected credit losses, net		(3,317,458)	(1,007,581)
Finance costs	5	(130,003)	(54,323)
Loss before tax		(1,960,364)	(1,621,897)
Income tax expense	6	(320,090)	–
Loss for the year	7	(2,280,454)	(1,621,897)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operation		125,033	4,609
Total comprehensive loss for the year attributable to owners of the Company		(2,155,421)	(1,617,288)
Loss per share			
Basic and diluted (S\$ cents)	8	(0.963)	(0.695)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		31 December 2023	31 December 2022
	<i>Notes</i>	<i>S\$</i>	<i>S\$</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,259,286	3,503,189
Right-of-use assets		900,532	997,013
Deferred tax assets		–	51,511
		<hr/>	<hr/>
Total non-current assets		4,159,818	4,551,713
		<hr/>	<hr/>
Current assets			
Inventories		182,122	246,469
Trade and other receivables	<i>9</i>	4,512,515	5,883,581
Contract assets	<i>10</i>	5,288,045	5,372,341
Cash and bank balances		4,292,329	2,516,009
		<hr/>	<hr/>
Total current assets		14,275,011	14,018,400
		<hr/>	<hr/>
Total assets		18,434,829	18,570,113
		<hr/>	<hr/>
Current liabilities			
Trade payables	<i>11</i>	1,668,929	964,313
Other payables and accruals		1,994,259	1,230,646
Contract liabilities		778,819	89,342
Income tax payable		268,579	–
Bank loan		1,943,423	346,670
Lease liabilities		91,345	91,527
		<hr/>	<hr/>
Total current liabilities		6,745,354	2,722,498
		<hr/>	<hr/>
Net current assets		7,529,657	11,295,902
		<hr/>	<hr/>
Total assets less current liabilities		11,689,475	15,847,615
		<hr/>	<hr/>

		31 December 2023	31 December 2022
	<i>Note</i>	S\$	S\$
Non-current liabilities			
Bank loan		–	1,911,687
Lease liabilities		769,325	860,357
		<hr/>	<hr/>
Total non-current liabilities		769,325	2,772,044
		<hr/>	<hr/>
NET ASSETS		10,920,150	13,075,571
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital	<i>12</i>	1,271,455	1,271,455
Share premium		15,488,351	15,488,351
Merger reserves		(4,570,095)	(4,570,095)
Share-based payments reserve		806,534	806,534
Currency translation reserve		152,049	27,016
Accumulated (losses)/profits		(2,228,144)	52,310
		<hr/>	<hr/>
TOTAL EQUITY		10,920,150	13,075,571
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital S\$	Share premium (Note A) S\$	Merger reserves (Note B) S\$	Share- based payments reserve (Note C) S\$	Currency translation reserve (Note D) S\$	Accumulated profits/ (losses) S\$	Total S\$
At 1 January 2022	1,200,855	14,002,553	(4,570,095)	539,758	22,407	1,674,207	12,869,685
Loss for the year	-	-	-	-	-	(1,621,897)	(1,621,897)
<i>Other comprehensive income</i>							
Foreign currency translation	-	-	-	-	4,609	-	4,609
Total comprehensive income/(loss)	-	-	-	-	4,609	(1,621,897)	(1,617,288)
Issued of shares under share option scheme	70,600	1,485,798	-	(539,758)	-	-	1,016,640
Recognition equity-settled of share-based payment expense	-	-	-	806,534	-	-	806,534
At 31 December 2022 and 1 January 2023	1,271,455	15,488,351	(4,570,095)	806,534	27,016	52,310	13,075,571
Loss for the year	-	-	-	-	-	(2,280,454)	(2,280,454)
<i>Other comprehensive income</i>							
Foreign currency translation	-	-	-	-	125,033	-	125,033
Total comprehensive income/(loss)	-	-	-	-	125,033	(2,280,454)	(2,155,421)
At 31 December 2023	<u>1,271,455</u>	<u>15,488,351</u>	<u>(4,570,095)</u>	<u>806,534</u>	<u>152,049</u>	<u>(2,228,144)</u>	<u>10,920,150</u>

Notes:

- (A) Share premium represents the proceeds from the issue of shares over the par value.
- (B) Merger reserves represents the difference between the underlying net assets of a subsidiary which was acquired by the Company pursuant to the re-organisation on 23 June 2015 and the total par value and share premium amount of the shares issued.
- (C) Share-based payments reserve comprises the portion of the grant date fair value of unexercised share options granted to Directors and/or employees of the Company has been recognised in accordance with the accounting policy adopted for share-based payments.
- (D) The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 (the “Stock Exchange”). 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) 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 consolidated financial statements are presented in Singapore Dollars (“S\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards “IFRSs” issued by the International Accounting Standards Board (“IASB”) which include all IFRSs, International Accounting Standards (“IASs”) and Interpretations issued and the applicable disclosure requirements of the Chapter 18 of GEM Listing Rules and the disclosure requirement of Hong Kong Companies Ordinance (Cap. 622).

The Directors of the Company have at the time at approving the consolidated financial statement, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting was adopted in reporting the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period as explained in the accounting policy.

The IASB has issued certain new and amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The above amendments to IFRSs effective for the current year beginning on 1 January 2023 do not have a material impact on the Group's consolidated financial statement.

New and amendments to IFRSs in issue but not yet effective

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning on or after 1 January 2023. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors of the Company are in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The executive directors of the Company are identified as the chief operating decision maker (the "CODM") of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. 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.

The accounting policies of the operating segments are the same as those described in note to the consolidated financial statements. There was no inter-segment sale or transfer during the year ended 31 December 2023 (2022: Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the CODM for assessment of segment performance. Segment assets do not include cash and bank balances, deferred tax assets and other unallocated head office and corporate assets. Segment liabilities do not include other unallocated head office and corporate liabilities.

Major Customers

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

	2023	2022
	S\$	S\$
Signage business		
Customer A	<u>2,484,095</u>	<u>Note</u>
Fitting-out and renovation services		
Customer B	Note	8,350,072
Customer C	Note	4,802,796
Customer D	Note	4,578,600
Customer E	Note	<u>4,560,990</u>

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

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 the People's Republic of China (the "PRC"). The following table provides an analysis of the Group's revenue from external customers and non-current assets. Non-current assets do not include deferred tax assets.

	Revenue from external customers		Non-current assets	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
Singapore	11,639,398	7,539,365	4,159,818	4,500,202
PRC	2,368,749	22,839,701	–	–
	<u>14,008,147</u>	<u>30,379,066</u>	<u>4,159,818</u>	<u>4,500,202</u>

An analysis of the Group's revenue and results by operating and reportable segments is as follows:

	Year ended 31 December 2023		
	Signage business S\$	Fitting-out and renovation services S\$	Total S\$
Segment revenue			
Sales to external customers	11,639,398	2,368,749	<u>14,008,147</u>
Segment results	1,602,729	(2,684,256)	(1,081,527)
<i>Reconciliation</i>			
Unallocated other losses			(282,809)
Corporate and other unallocated expenses			<u>(596,028)</u>
Loss before tax			<u>(1,960,364)</u>
Segment assets	7,231,900	6,906,850	14,138,750
<i>Reconciliation</i>			
Cash and bank balances			4,292,329
Corporate and other unallocated assets			<u>3,750</u>
Total assets			<u>18,434,829</u>
Segment liabilities	6,031,578	755,148	6,786,726
<i>Reconciliation</i>			
Corporate and other unallocated liabilities			<u>727,953</u>
Total liabilities			<u>7,514,679</u>
Other segment information (excluded corporate and other unallocated expenses)			
Depreciation and amortisation expenses	465,942	–	465,942
Finance costs	130,003	–	130,003
Allowance for expected credit losses (“ECL”)	61,668	3,255,790	3,317,458
Capital expenditure*	125,558	–	125,558

* Represented additions to property, plant and equipment and right-of-use assets

	Year ended 31 December 2022		
	Signage business S\$	Fitting-out and renovation services S\$	Total S\$
Segment revenue			
Sales to external customers	7,539,365	22,839,701	<u>30,379,066</u>
Segment results	(409,452)	477,092	67,640
<i>Reconciliation</i>			
Unallocated other income and other gains and losses, net			97,203
Equity-settled share-based payments expenses			(806,534)
Corporate and other unallocated expenses			<u>(980,206)</u>
Loss before tax			<u>(1,621,897)</u>
Segment assets	6,820,592	9,146,350	15,966,942
<i>Reconciliation</i>			
Deferred tax assets			51,511
Cash and bank balances			2,516,009
Corporate and other unallocated assets			<u>35,651</u>
Total assets			<u>18,570,113</u>
Segment liabilities	4,512,953	6,800	4,519,753
<i>Reconciliation</i>			
Corporate and other unallocated liabilities			<u>974,789</u>
Total liabilities			<u>5,494,542</u>
Other segment information (excluded corporate and other unallocated (income)/expenses)			
Depreciation and amortisation expenses	443,923	–	443,923
Finance costs	54,323	–	54,323
(Reversal of allowance)/allowance for ECL	(7,134)	1,065,503	1,058,369
Capital expenditure*	975,189	–	975,189

* Represented additions to property, plant and equipment and right-of-use assets

5. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	S\$	S\$
Interest expense on lease liabilities	19,650	1,931
Interest expense on bank loan	110,353	52,392
	<u>130,003</u>	<u>54,323</u>

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	S\$	S\$
Current tax	268,579	–
Deferred tax	51,511	–
	<u>320,090</u>	<u>–</u>

Singapore Corporate income tax (“CIT”) is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can 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 Hong Kong 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 in Hong Kong for the years ended 31 December 2023 and 2022.

7. LOSS FOR THE YEAR

	Year ended 31 December	
	2023	2022
	S\$	S\$
Loss for the year has been arrived at after charging:		
Auditors' remuneration		
– Annual audit services	101,838	100,000
Depreciation and amortisation expenses	465,942	443,923
– Included in cost of sales and services	314,996	314,760
– Included in selling and administrative expenses	150,946	129,163
Cost of inventories recognised as expenses	3,614,201	3,515,177
Directors' fee	67,280	68,833
Directors' and chief executive's remuneration	289,684	194,065
Allowance for ECLs, net	3,317,458	1,007,581
Short-term lease payments	166,400	219,253
Other staff costs		
– Salaries and other staff costs	3,757,205	2,636,311
– Contributions to defined contribution plans	196,573	128,607
Equity-settled share-based payments expenses	–	806,534

8. LOSS PER SHARE

	Year ended 31 December	
	2023	2022
Loss attributable to the owners of the Company (S\$)	(2,280,454)	(1,621,897)
Weighted average number of ordinary shares in issue	236,800,000	233,258,082

The diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding for the financial years ended 31 December 2023 and 2022. The effect of the exercise of share options was not included in the calculation of diluted loss per share as they have no dilutive effect during the financial years ended 31 December 2023 and 2022.

9. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2023 S\$	2022 S\$
Trade receivables	9,028,795	7,112,746
Less: Allowance for ECL	(4,785,552)	(1,614,713)
	<u>4,243,243</u>	<u>5,498,033</u>
Purchase advances paid to suppliers	128,954	233,046
Rental and other deposits	47,772	43,220
Prepayments	57,313	94,201
Other receivables	35,524	15,081
Less: Allowance for ECL	(291)	–
	<u>4,512,515</u>	<u>5,883,581</u>

Trade receivables are generally granted a credit period of 30 to 60 days (2022: 30 to 60 days) from the invoice date. The following is an aging analysis of trade receivables, net of allowance for ECL, presented based on invoice date at the end of the reporting period:

	At 31 December	
	2023 S\$	2022 S\$
1-30 days	1,942,932	669,028
31-60 days	593,117	2,281,850
61-90 days	213,137	2,417,360
91-180 days	116,670	14,346
181-365 days	78,303	115,449
Over 365 days	1,299,084	–
	<u>4,243,243</u>	<u>5,498,033</u>

Before granting credit to new customers, the Group reviews the customers' profile and financial position 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.

10. CONTRACT ASSETS

	At 31 December	
	2023	2022
	S\$	S\$
Arising from performance under fitting-out and renovation services	4,503,762	4,693,010
Arising from performance under signage business	992,520	810,584
	<u>5,496,282</u>	<u>5,503,594</u>
Less: Allowance for ECL	(208,237)	(131,253)
	<u>5,288,045</u>	<u>5,372,341</u>

Contract assets arising from signage business are retention monies held by customers which will be repaid upon expiry of defect liability period, in accordance with sales contracts.

The contract assets under fitting-out and renovation service primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date on the fitting-out and renovation services. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers contract assets to trade receivables upon achieving the specified milestones in the contracts.

The amount of contract assets that is expected to be recovered less than one year is approximately S\$5,288,045 (2022: S\$5,372,341).

11. TRADE PAYABLES

	At 31 December	
	2023	2022
	S\$	S\$
Trade payables	<u>1,668,929</u>	<u>964,313</u>

The following is an aging analysis of trade payables presented based on the invoice date, at the end of each reporting period:

	At 31 December	
	2023	2022
	S\$	S\$
0–30 days	1,094,020	712,406
31–90 days	465,991	238,641
Over 90 days	108,918	13,266
	<u>1,668,929</u>	<u>964,313</u>

12. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$</i>
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023 (Ordinary shares of HK\$0.03125 each)	<u>1,600,000,000</u>	<u>50,000,000</u>
	Number of shares	Share capital <i>S\$</i>
Issued and fully paid:		
At 1 January 2022 (Ordinary shares of HK\$0.03125 each)	224,000,000	1,200,855
Shares issued under share option scheme (<i>note</i>)	<u>12,800,000</u>	<u>70,600</u>
At 31 December 2022, 1 January 2023 and 31 December 2023 (Ordinary shares of HK\$0.03125 each)	<u>236,800,000</u>	<u>1,271,455</u>

note:

12,800,000 share options were exercised on 12 April 2022, at the exercise price of HK\$0.45 per share option. The net proceeds received by the Company from the exercise of share options were S\$1,016,640 (equivalent to HK\$5,760,000), among which S\$70,600 (equivalent to HK\$400,000) were credited to the share capital, S\$539,758 (equivalent to HK\$3,058,118) were debited to the share-based payment reserve, and the balance of S\$1,485,798 (equivalent to HK\$8,418,118) were credited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2023, the Group recorded a revenue of approximately S\$14,008,000 (2022: S\$30,379,000) and loss of approximately S\$2,280,000 (2022: S\$1,622,000).

Revenue had decreased by approximately 53.9% or S\$16,371,000. The gross profit and gross profit margin for the year ended 31 December 2023 was approximately S\$5,212,000 (2022: S\$3,362,000) and approximately 37.2% (2022: 11.1%) respectively. Decrease of revenue is mainly due to decline of the demand in fitting-out and renovation services and fierce competition in the market.

Other income for the year ended 31 December 2023 included government grants of approximately S\$20,000.

Foreign exchanges loss for the year ended 31 December 2023 with approximately S\$283,000 was mainly arise from trade receivables, contract assets and cash and cash equivalents denominated in Hong Kong dollars which was depreciating against Singapore dollars.

Selling and administrative expenses for the year ended 31 December 2023 was approximately S\$3,529,000 (2022: S\$4,178,000) representing a decrease of approximately S\$649,000 or 15.5% mainly due to lower advertisement and other expenses incurred.

The Group recorded a loss before tax for the year ended 31 December 2023 of approximately S\$1,960,000, compared to approximately S\$1,622,000 for the corresponding period in 2022.

Loss for the year ended 31 December 2023 was approximately S\$2,280,000, compared to approximately S\$1,622,000 for the corresponding period in 2022.

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 year ended 31 December 2023, the cash and cash equivalents of the Group has increased by approximately S\$1,776,000. This was mainly arise from net cash from operating activities of approximately S\$2,536,000, offset with repayment of bank loan and its interest of approximately S\$425,000 and purchase of plant and equipment approximately S\$126,000.

The total interest-bearing borrowing of the Group as at 31 December 2023 was approximately S\$2,804,000 (2022: S\$3,210,000). The Group's gearing ratio as at 31 December 2023 was approximately 17.8% (2022: approximately 17.3%), which is calculated as the Group's total borrowing over the Group's total assets.

As at 31 December 2023, the Group had cash and cash equivalents of approximately S\$4,292,000 (2022: S\$2,516,000) 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\$11,639,000 and S\$7,539,000 for the year ended 31 December 2023 and 2022 respectively. The revenue has increased by approximately S\$4,100,000 mainly due to recovering demand in construction sector activities in the market.

Revenue from the business of provision of fitting-out and renovation services for commercial premises and residential developments amounted to approximately S\$2,369,000 and S\$22,840,000 during the year ended 31 December 2023 and 2022 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 significant decline in revenue of the fitting-out and renovation services business was mainly attributable to the lower demand and fierce competition. Given the unfavorable economic factors, businesses and individuals became more cautious with their investments or spendings which led to decrease in demand for the fitting-out and renovation services. Furthermore, the industry's competitive landscape has intensified, with numerous service providers vying for a limited customer base. This has led to intense price competition, as businesses strive to attract customers by offering lower prices. Such price erosion has impacted profit margins, making it challenging for the Group to sustain its operations.

FOREIGN EXCHANGE EXPOSURE

The Group transacts mainly in Singapore Dollars, which is the functional currency of the Group. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise. The Group had an unrealised foreign exchange loss of approximately S\$283,000 mainly due to the Group retains the proceeds from placement in Hong Kong Dollars which was depreciated against the Singapore Dollars.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS, 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 year ended 31 December 2023. The Group had no specific future plan for material investments or capital assets as at 31 December 2023.

CHARGES ON GROUP'S ASSETS

As at 31 December 2023, 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\$3,098,000 (2022: S\$3,415,000).

CAPITAL COMMITMENTS

As at 31 December 2023, the Group did not have any capital commitment (2022: Nil).

EMPLOYEE INFORMATION

As at 31 December 2023, the Group had an aggregate of 88 (2022: 97) 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. The Company has adopted a share option scheme for the grant of share options to eligible participants which includes the employees. The Group also provides staff training for the employees.

Total staff costs, including Directors' emoluments, amounted to approximately S\$4,311,000 for the year ended 31 December 2023 (2022: S\$3,834,000).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

OUTLOOK

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 fierce competition in bidding prices and higher material costs. The business of provision of fitting-out and renovation services is expected to maintain stability in 2024. 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 December 2023, 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 the Company's 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%
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 by Mr. Tan Thiam Kiat Kelvin.

Save as disclosed above, as at 31 December 2023, 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 31 December 2023, the following substantial shareholders' and other persons' interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register required to be kept under section 336 of the SFO:

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

Name of substantial shareholder	Nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Absolute Truth Investments Limited	Beneficial owner	39,337,600	16.61%

Note: The entire issued share capital of Absolute Truth Investments Limited is beneficially owned by Mr. Tan Thiam Kiat Kelvin.

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any other 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 shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTERESTS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 December 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

The Board considers good corporate governance is a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the year ended 31 December 2023. A full corporate governance report is set out in the annual report.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the consolidated statement of financial position as at 31 December 2023 and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 of the Group as set out in the announcement have been agreed by the Group’s auditor, McMillan Woods (Hong Kong) CPA Limited (“McMillan Woods”), to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods on the announcement.

CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the year ended 31 December 2023. The Company was not aware of any non-compliance with such required standard of dealings regarding securities transactions by Directors throughout the year ended 31 December 2023.

EVENT AFTER THE REPORTING PERIOD

The directors are not aware of any significant events after the reporting period for the Group and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 23 June 2015 with written terms of reference in compliance with the GEM Listing Rules and the CG Code. 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 make recommendation to our Board on the appointment, reappointment and removal of external auditor, monitor integrity of the Group’s consolidated financial statements, review significant financial reporting judgements contained in them, oversee the Group’s financial reporting, internal control, risk management systems and audit process and to perform other duties and responsibilities as assigned by the Board.

The Group’s audited annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee.

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

Singapore, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Tan Thiam Kiat Kelvin and Ms. Lin Sin Huei; and the independent non-executive Directors are Mr. Lau Muk Kan, Mr. Xiao Laiwen and Mr. Lock Kiu Yin.

This announcement, for which the Directors 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 of Hong Kong Limited 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 announcement 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 announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at www.kpmholding.com.

* For identification purposes only