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 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 the 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 announcement is accurate and complete in all material respects and not misleading and deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The original 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.

RESULTS

The board of Directors (the "Board") of the Company (together with its subsidiaries, the "Group") is pleased to present the audited consolidated results of the Group for the year ended 31 December 2015 together with comparative figures for the corresponding year in 2014:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015**	2014
		S$	*S$*
Revenue	3	**11,384,339**	11,850,088
Cost of sales		**(6,144,909)**	(6,307,276)
Gross profit		**5,239,430**	5,542,812
Other income	4	**300,953**	208,193
Other gains and losses	5	**337,895**	(109,873)
Selling and administrative expenses		**(2,667,288)**	(2,638,320)
Other expenses	6	**(2,634,874)**	(63,250)
Finance costs	7	**(58,192)**	(111,351)
Profit before tax		**517,924**	2,828,211
Income tax expense	8	**(347,560)**	(262,996)
Profit for the year	9	**170,364**	2,565,215
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments			
Fair value loss on available-for-sale investments		**—**	(12,809)
Reclassification of cumulative gains from investment valuation reserve to profit or loss upon disposal of available-for-sale investments		**—**	(9,394)
Other comprehensive loss for the year		**—**	(22,203)
Total comprehensive income for the year		**170,364**	2,543,012
Earnings per share			
Basic and diluted *(S$ cents)*	12	**0.05**	0.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 S$	2014 S$
Non-current assets			
Plant and equipment	14	**583,725**	679,373
Available-for-sale investments	15	**20**	20
Total non-current assets		**583,745**	679,393
Current assets			
Inventories	16	**526,393**	615,661
Trade and other receivables	17	**3,757,569**	2,441,845
Amount due from a related party	23	—	44,860
Amount due from a director	24	—	7,006
Pledged bank deposits	18	**958,607**	586,564
Bank and cash balances	18	**9,838,862**	5,087,491
Total current assets		**15,081,431**	8,783,427
Current liabilities			
Trade payables	19	**1,044,626**	689,656
Bills payables	19	—	909,841
Other payables and accruals	20	**1,142,392**	1,803,726
Amounts due to related parties	23	—	348,193
Amounts due to directors	24	—	1,999
Obligations under finance leases	21	**88,371**	91,825
Income tax payable		**297,238**	448,543
Total current liabilities		**2,572,627**	4,293,783
Net current assets		**12,508,804**	4,489,644
Total assets less current liabilities		**13,092,549**	5,169,037
Non-current liabilities			
Obligations under finance leases	21	**121,853**	155,170
Deferred tax liability	22	**40,000**	—
Total non-current liabilities		**161,853**	155,170
NET ASSETS		**12,930,696**	5,013,867
Capital and reserves			
Share capital	25	**689,655**	500,000
Share premium		**12,126,905**	—
Merger reserves		**(4,570,095)**	—
Retained earnings		**4,684,231**	4,513,867
TOTAL EQUITY		**12,930,696**	5,013,867

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital S$	Share premium (Note A) S$	Merger reserves (Note B) S$	Investment revaluation reserve S$	Retained earnings S$	Total S$
At 1 January 2014	500,000	—	—	22,203	7,320,237	7,842,440
Profit for the year	—	—	—	—	2,565,215	2,565,215
Fair value loss on available-for-sale investments	—	—	—	(12,809)	—	(12,809)
Reclassification of cumulative gains from investment revaluation reserve to profit or loss upon disposal of available-for-sale investments	—	—	—	(9,394)	—	(9,394)
Total comprehensive (loss) income for the year	—	—	—	(22,203)	2,565,215	2,543,012
Dividends declared *(Note 11)*	—	—	—	—	(5,371,585)	(5,371,585)
At 31 December 2014	500,000	—	—	—	4,513,867	5,013,867
Profit for the year, representing total comprehensive income for the year	—	—	—	—	170,364	170,364
Share issue by Signmechanic Singapore *(Note C)*	1,500,000	—	—	—	—	1,500,000
Elimination of share capital pursuant to the re-organisation *(Note 2)*	(2,000,000)	—	—	—	—	(2,000,000)
Issue of 999,999 ordinary shares pursuant to the re-organisation *(Notes 2 and 25)*	1,724	6,568,371	(4,570,095)	—	—	2,000,000
Issue of 319,000,000 ordinary shares under the capitalisation issue *(Note 25)*	550,000	(550,000)	—	—	—	—
Share issue of 80,000,000 under placing *(Note 25)*	137,931	6,758,620	—	—	—	6,896,551
Share issue expense	—	(650,086)	—	—	—	(650,086)
	189,655	12,126,905	(4,570,095)	—	—	7,746,465
At 31 December 2015	689,655	12,126,905	(4,570,095)	—	4,684,231	12,930,696

Note:

(A) Share premium represents the excess of share issue over the par value.

(B) Merger reserves represents the difference between the underlying net assets of the subsidiary which was acquired by the Company pursuant to the re-organisation (Note 2) and the total par value and share premium amount of the shares issued.

(C) Represents additional share capital issued prior to the re-organisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015	2014
	S$	*S$*
OPERATING ACTIVITIES		
Profit before tax	**517,924**	2,828,211
Adjustments for:		
(Gain) loss on disposal of plant and equipment	**(22,437)**	5,021
Write-off of plant and equipment	**931**	7,848
Depreciation expense of plant and equipment	**251,416**	235,367
Interest income	**(1,838)**	(496)
Finance costs	**58,192**	111,351
Bad debts recovered	**(38,948)**	—
Allowance for doubtful debts	**52,621**	106,398
Fair value gain on available-for-sale investments	**—**	(9,394)
Recovery of bad debts previously written off	**(75)**	—
Deposit written off	**1,540**	—
Foreign exchange gain	**(331,527)**	—
Operating cash flow before movements in working capital	**487,799**	3,284,306
Trade receivables and other receivables	**(1,330,861)**	11,355
Amount due from a related party	**44,860**	(20,459)
Inventories	**89,268**	(278,005)
Trade payables	**354,970**	(492,203)
Other payables and accruals	**(661,334)**	1,111,227
Amount due to related parties	**(348,193)**	139,028
Cash (used in) generated from operations	**(1,363,491)**	3,755,249
Income tax paid	**(458,865)**	(9,488)
Net cash (used in) from operating activities	**(1,822,356)**	3,745,761
INVESTING ACTIVITIES		
Repayment from (Advance to) a director	**7,006**	(7,006)
Placement of pledged bank deposits	**(372,043)**	(507,000)
Purchase of plant and equipment	**(68,263)**	(490,346)
Proceeds from disposal of plant and equipment	**15,000**	—
Proceeds from disposal of asset classified as held for sale	**—**	8,558,283
Proceeds from disposal of available-for-sale investments	**—**	256,676
Interest received	**1,838**	496
Net cash (used in) from investing activities	**(416,462)**	7,811,103

	2015	2014
	S$	*S$*
FINANCING ACTIVITIES		
Issuance of share capital — net of share issue expenses	**7,746,465**	—
Repayment to directors	**(1,999)**	(820,583)
Raised in bills payables	**—**	909,841
Repayment of bills payables	**(909,841)**	(529,880)
Obligations under finance lease interest paid	**(13,886)**	(23,666)
Loan interest paid	**(19,247)**	(48,127)
Trade finance interest paid	**(25,059)**	(39,558)
Drawdown of bank loan	**1,000,000**	—
Repayment of bank loan	**(1,000,000)**	(3,283,657)
Repayment of obligations under finance lease	**(117,771)**	(80,729)
Dividends paid	**—**	(5,371,585)
Net cash from (used in) financing activities	**6,658,662**	(9,287,944)
Net increase in cash and cash equivalents	**4,419,844**	2,268,920
Effect of exchange rate changes	**331,527**	—
Cash and cash equivalents, represented by bank and cash balances at 1 January	**5,087,491**	2,818,571
Cash and cash equivalents, represented by bank and cash balances at 31 December	**9,838,862**	5,087,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance") on 30 March 2015 and the principal place of business in Hong Kong registered is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group is at 424 Tagore Industrial Avenue, Sindo Industrial Estate, Singapore 787807. The shares of the Company were listed on GEM on 10 July 2015 (the "Listing Date").

The Company is an investment holding company and the principal activities of its operating subsidiary, Signmechanic Pte Ltd ("Signmechanic Singapore") is engaged in the design, fabrication, installation and maintenance of signage and related products.

These financial statements are presented in Singapore Dollar ("S$" or "$").

2. GROUP RE-ORGANISATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

To effect the Group Reorganisation for the purpose of the listing of the Company's shares on GEM, on 23 June 2015, (i) Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter (together referred to as the "Controlling Shareholders"), who were the then beneficial shareholders of Signmechanic Singapore, transferred their respective shareholdings to Sino Promise Investment Limited ("Sino Promise") in consideration of the allotment and issuance of the 999,999 ordinary shares of the Company to Absolute Truth Investments Limited ("Absolute Truth") as a nominee of the Controlling Shareholders; and (ii) crediting of the one-nil paid share registered in the name of Absolute Truth. On the same date, in consideration by the Group, nominating Sino Promise to hold the entire share capital of Signmechanic Singapore, Sino Promise allotted additional 9 new shares of Sino Promise to the Company, credited as fully paid. Upon completion of the transfer, the Company became the holding company of the Group on 23 June 2015. Details of the Group Reorganisation are set out in the section headed "History and Development" in the listing prospectus of the Company dated 30 June 2015 (the "Prospectus").

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 and 2015 respectively have been prepared to include the results and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs", which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of the Chapter 18 of the Listing of Securities and the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

On 1 January 2015, the Group has adopted all the new and revised IFRS, amendments and Interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.

3. REVENUE AND SEGMENT INFORMATION

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

Information is reported to the Controlling Shareholders, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as Group's accounting policies described in Note 4 of the notes to financial statements. The CODM reviews revenue by nature of contracts, i.e. "Public" and "Private" and profit for the year as a whole. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on products, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

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

	2015	2014
	S$	*S$*
Public	**10,214,051**	9,561,824
Private	**1,170,288**	2,288,264
	11,384,339	11,850,088

Entity-wide disclosures

Major products

Revenue represents sale of signage, bollard, variable-message signs and aluminum railing in Singapore.

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

Major customers

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

	Year ended 31 December	
	2015	2014
	S$	*S$*
Customer A	**2,357,858**	*Note*
Customer B	**1,094,105**	*Note*
Customer C	***Note***	1,431,554
Customer D	***Note***	1,347,011

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

Geographical information

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

4. OTHER INCOME

	Year ended 31 December	
	2015	2014
	S$	*S$*
Bank interest income	**1,838**	496
Government grants *(Note)*	**51,925**	78,629
Rental income under operating lease in respect of subleasing of workshop premises	**170,000**	113,508
Recovery of deposits	**28,845**	—
Others, comprising mainly insurance claims received	**48,345**	15,560
	300,953	208,193

Note: Included in the amount is S$Nil (2014: S$57,716) cash bonus and cash payout under the "Productivity and Innovation Credit Scheme" ("PIC Scheme") for the year ended 31 December 2015 and 2014, respectively. The PIC Scheme cash bonus gives businesses a dollar-for-dollar matching cash bonus for qualifying expenditure incurred during the Year of Assessment 2013 to 2015 subject to an overall cap of S$15,000 for all 3 years of assessment combined. On the other hand, the PIC Scheme cash payout allows businesses to convert up to S$100,000 of their total qualifying expenditure incurred from Year of Assessment 2013 to 2018 for each year of assessment in all 6 qualifying activities into a non-taxable cash receipt, at maximum amount of S$60,000.

5. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2015	2014
	S$	*S$*
Allowance for doubtful debts *(Note 17)*	**(52,621)**	(106,398)
Bad debts recovered *(Note 17)*	**38,948**	—
Recovery of doubtful debts previously written off	**75**	—
Write-off of plant and equipment	**(931)**	(7,848)
Gain (Loss) on disposal of plant and equipment	**22,437**	(5,021)
Fair value gain on available-for-sale investments	**—**	9,394
Foreign exchange gain	**331,527**	—
Deposit written off	**(1,540)**	—
	337,895	(109,873)

6. OTHER EXPENSES

	Year ended 31 December	
	2015	2014
	S$	*S$*
Direct attributable expenses in respect of subletting workshop premises	**200,200**	63,250
Listing expenses	**2,434,674**	—
	2,634,874	63,250

7. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	S$	*S$*
Interests on borrowings wholly repayable within five years:		
— Bank loan	**19,247**	48,127
— Obligations under finance leases	**13,886**	23,666
— Trade financing	**25,059**	39,558
	58,192	111,351

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	S$	*S$*
Current tax		
— Singapore Corporate Income Tax ("CIT")	**367,000**	250,000
Over provision in prior years	**(59,440)**	—
Deferred tax *(Note 22)*	**40,000**	12,996
	347,560	262,996

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 30%, capped at S$30,000 for Year of Assessment 2013 to 2015 and $20,000 for year of assessment 2016. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income.

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

	Year ended 31 December	
	2015	2014
	S$	*S$*
Profit before tax	**517,924**	2,828,211
Tax at Singapore CIT of 17%	**88,047**	480,796
Tax effect of expenses not deductible for tax purpose	**490,795**	15,282
Tax effect of income not taxable	**(56,360)**	—
Tax effect of income under tax exemption and rebate	**(45,925)**	(55,925)
Tax effect of enhanced allowance *(Note)*	**(110,586)**	(179,664)
Over provision in prior years	**(59,440)**	—
Others	**41,029**	2,507
Income tax expense for the year	**347,560**	262,996

Note: Being additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the PIC scheme in Singapore for the Year of Assessment 2013 to Year of Assessment 2018.

9. PROFIT FOR THE YEAR

	Year ended 31 December 2015 S$	2014 S$
Profit for the year has been arrived at after charging:–		
Audit fees paid to auditors of the Company:		
— current year	**130,000**	70,000
— prior year	**90,000**	—
Non-audit fees paid to auditors of the Company *(Note A)*	**75,000**	—
Depreciation of plant and equipment	**251,416**	235,367
Cost of inventories recognised as expenses	**4,452,995**	5,091,029
Listing expense *(Note A)*	**2,434,674**	—
Directors' fee *(Note 10)*	**30,696**	—
Directors' and chief executive's remuneration *(Note 10)*	**301,207**	287,157
Other staff costs		
— salaries and other staff costs	**2,295,563**	1,811,670
— contributions to CPF	**90,903**	140,177
Total staff costs	**2,687,673**	2,239,004
Minimum lease payment under operating lease in respect staff dormitory, office and working premises	**364,000**	267,680

Note A: Included in the listing expenses are the non-audit fees of S$46,500 and S$145,425 paid to the auditors of the Company and other auditors of the Group respectively.

Included in the share issue expenses are non-audit fees of S$12,400 and S$38,780 paid to the auditors of the Company and other auditors of the Group respectively.

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the directors and the chief executive (Mr. Kelvin Tan) were as follows:

For the year ended 31 December 2015

	Executive Directors		Independent Non-Executive Directors			
	Mr. Tan Thiam Kiat Kelvin S$	Mr. Tan Kwang Hwee Peter S$	Mr. Oh Eng Bin (Hu Rongming) S$	Mr. Tan Kiang Hua S$	Mdm Kow Yuen-Ting (Gao Yun Ting) S$	Total S$
Fee	—	—	10,232	10,232	10,232	30,696
Salaries and other benefits	133,607	127,200	—	—	—	260,807
Bonus*	10,000	10,000	—	—	—	20,000
Contributions to CPF	10,200	10,200	—	—	—	20,400
	153,807	147,400	10,232	10,232	10,232	331,903

For the year ended 31 December 2014

	Executive Directors		
	Mr. Tan Thiam Kiat Kelvin	**Mr. Tan Kwan Hwee Peter**	**Total**
	S$	*S$*	*S$*
Fees	—	—	—
Salaries and other benefits	120,757	127,200	247,957
Bonus*	10,000	10,000	20,000
Contributions to CPF	9,600	9,600	19,200
	140,357	146,800	287,157

* The discretionary bonus is determined having regard to the performance and market trend by the management of the Group.

The fees are for services as a director of the Company and the salaries and other benefits, bonus and Contributions to CPF are paid for services in connection as management of the subsidiary.

Neither the chief executive nor any of the directors of the Company waived any emoluments during the reporting period.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 2 (2014: 2) were directors of the Company during the year ended 31 December 2015 and 2014 respectively whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2014: 3) individuals were as follows:

	Year ended 31 December	
	2015	2014
	S$	*S$*
Salaries and other staff costs	**251,831**	224,982
Bonus*	**15,402**	22,850
Contributions to CPF	**19,225**	20,630
	286,458	268,462

* The discretionary bonus is determined having regard to the performance and market trend by the management of the Group.

Their emoluments were within the following band:

	Year ended 31 December	
	2015	2014
	No. of employees	*No. of employees*
Nil to HK$1,000,000	**3**	3

During the reporting period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individual of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

11. DIVIDENDS

No dividend has been declared or paid during the year ended 31 December 2015.

During the year ended 31 December 2014, Signmechanic Singapore had declared and paid dividend to its then shareholders in total of S$5,371,585 to its shareholders on 8 November 2014 and 10 November 2014 respectively.

The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this report.

12. EARNINGS PER SHARE

	Year ended 31 December	
	2015	2014
Profit attributable to the owners of the Company *(S$)*	**170,364**	2,565,215
Weighted average number of ordinary shares in issue	**358,356,164**	320,000,000
Basic and diluted earnings per share *(S$ cents)*	**0.05**	0.80

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

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue. The number of shares for the purpose of basic earnings per share for the year ended 31 December 2015 is based on the assumption that 320,000,000 ordinary shares of the Company are in issue and issuable, comprising an aggregate of 1,000,000 ordinary shares, 319,000,000 ordinary shares issuable upon capitalisation of share premium, as if the Group Reorganisation was effective on 1 January 2014.

13. RETIREMENT BENEFITS CONTRIBUTION

The Group's employees employed in Singapore are required to join the CPF. The Group's contributions to the CPF Scheme are made in accordance with 17% (2014: 16%) of monthly salary with the cap of S$60,000 (2014: S$60,000) per annum as prescribed by the Central Provident Fund Ordinance of Singapore.

The total cost charged to profit or loss of S$111,303 and S$159,377 for the years ended 31 December 2015 and 2014 respectively, represents contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2015 and 2014, contributions of S$27,785 and S$24,401, respectively, were due in respective years had not been paid to the plans. The amounts were paid subsequent to the end of the respective year.

14. PLANT AND EQUIPMENT

	Computers	Furniture and fittings	Air conditioners	Office equipment and machinery	Renovation	Motor vehicles	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
COST							
At 1 January 2014	63,604	4,467	7,760	390,239	102,938	678,592	1,247,600
Additions	102,194	2,372	—	211,243	82,507	267,892	666,208
Eliminated on write-off/disposals	(36,995)	(4,467)	(7,760)	(290,223)	(102,938)	(80,600)	(522,983)
At 31 December 2014	128,803	2,372	—	311,259	82,507	865,884	1,390,825
Additions	15,000	—	—	6,600	25,240	110,423	157,263
Eliminated on write-off/disposals	(29,609)	—	—	(4,810)	—	(67,800)	(102,219)
At 31 December 2015	114,194	2,372	—	313,049	107,747	908,507	1,445,869
ACCUMULATED DEPRECIATION							
At 1 January 2014	(59,767)	(4,467)	(7,760)	(358,134)	(102,938)	(418,435)	(951,501)
Provided for the year	(28,644)	(474)	—	(42,791)	(16,501)	(146,957)	(235,367)
Eliminated on write-off/disposals	36,994	4,467	7,760	282,378	102,938	40,879	475,416
At 31 December 2014	(51,417)	(474)	—	(118,547)	(16,501)	(524,513)	(711,452)
Provided for the year	(36,633)	(474)	—	(43,889)	(17,764)	(152,656)	(251,416)
Eliminated on write-off/disposals	28,678	—	—	4,810	—	67,236	100,724
At 31 December 2015	(59,372)	(948)	—	(157,626)	(34,265)	(609,933)	(862,144)
CARRYING AMOUNTS							
At 31 December 2015	54,822	1,424	—	155,423	73,482	298,574	583,725
At 31 December 2014	77,386	1,898	—	192,712	66,006	341,371	679,373

The above items of plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Computers	3 years
Furniture and fittings	5 years
Air conditioners	5 years
Office equipment and machinery	5 years
Renovation	5 years
Motor vehicles	5 years

During the years ended 31 December 2015 and 2014, included in the additions of motor vehicles amounting to S$81,000 and S$116,100 (net of trade-in price of disposed motor vehicles amounting to S$8,000 and S$34,698), respectively, which were acquired under hire purchase arrangements. These constituted as non-cash transactions during the years.

15. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December	
	2015	2014
	S$	*S$*
Listed equity securities in Singapore, at fair value	**20**	20

The balance represented investment in a listed equity securities in Singapore and measured at fair value by reference to quoted prices as at year end. During the year ended 31 December 2014, one investment was disposed of, resulting in S$9,394 fair value gain (Note 5) recognised in profit or loss for the year.

16. INVENTORIES

	At 31 December	
	2015	2014
	S$	*S$*
Raw material	**151,151**	120,456
Work-in-progress	**331,536**	421,935
Finished goods	**43,706**	73,270
	526,393	615,661

17. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2015	2014
	S$	*S$*
Trade receivables	**2,997,576**	1,620,142
Less: allowance for doubtful debts	**(136,867)**	(129,608)
	2,860,709	1,490,534
Retention receivables	**374,896**	241,017
Less: allowance for doubtful debts	**(6,414)**	—
	368,482	241,017
Unbilled receivables	**60,096**	136,335
Purchase advances paid to suppliers	**36,863**	143,536
Receivables from disposals of freehold property *(Note)*	**200,000**	200,000
Rental and other deposits	**151,302**	147,840
Prepayments	**79,431**	36,947
Other receivables	**686**	45,636
	3,757,569	2,441,845

Note: The amount of $200,000 is withheld by a lawyer as the stakeholder is pending the finalisation of transfer of a part of related common property from the Management Corporation Strata Title to increase in the gross floor area of the disposed property. The directors are of the view that the process is administrative and is confident that the finalisation will be done in due course. In addition, the Controlling Shareholders have provided an undertaking to indemnify the Group for any loss arising from non-settlement of this amount.

For majority of customers, invoices are issued upon transferred risks and rewards of the products or upon completion of rendering services. For one particular customer, invoices would be raised in according to the schedule set out in the sales contracts (i.e. recognised as advanced billing as disclosed in Note 20) 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 for trade receivables to all customers. The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 31 December	
	2015	2014
	S$	*S$*
1–30 days	**934,725**	607,134
31–60 days	**671,082**	238,622
61–90 days	**366,565**	57,261
91–180 days	**421,899**	306,283
181–365 days	**420,784**	266,187
Over 365 days	**45,654**	15,047
	2,860,709	1,490,534

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. At each of reporting period end, unbilled receivables, all aged within 30 days from the date of revenue recognition, related to invoices issued after the financial year ended for the products delivered prior to each of year end. Retention receivables are retention monies held by customers which will be refunded upon expiry of defect liability period, generally of 1 year, in accordance with sales contracts.

The following is an aging analysis of trade receivables (net of allowance for doubtful debts) which are past due but not impaired based on the due date:

	At 31 December	
	2015	2014
	S$	*S$*
Overdue:		
31–60 days	**671,082**	238,622
61–90 days	**366,565**	57,261
91–180 days	**421,899**	312,283
181 days to 365 days	**420,784**	266,187
Over 365 days	**45,654**	9,047
	1,925,984	883,400

	At 31 December	
	2015	2014
	S$	*S$*
Trade receivable past due and fully impaired:		
61 to 90 days	**10,165**	3,167
> 90 days	**106,372**	126,441
	116,537	129,608

The Group has provided allowance for individual receivables that were considered to be impaired based on management assessment performed at each reporting period end and write off individual debtors with long overdue amounts which management assessed are unlikely to be recovered. Based on past experience, management believes that no impairment allowance is necessary in respect of remaining balances as there has not been a significant change in credit quality and the remaining balances are still considered fully recoverable. The balances of trade receivables that are neither past due nor impaired have good credit quality as assessed by the Group according to repayment history of respective customer. The Group does not hold any collateral over these balances.

Movement in the allowance on doubtful debts for trade receivables

	At 31 December	
	2015	2014
	S$	*S$*
At beginning of the year	**129,608**	23,210
Amounts recovered during the year	**(38,948)**	—
Allowance on doubtful debts recognised in profit or loss *(Note)*	**46,207**	106,398
At end of the year	**136,867**	129,608

Movement in the allowance on doubtful debts for retention receivable

	At 31 December	
	2015	2014
	S$	*S$*
At beginning of the year	**—**	—
Allowance on doubtful debts recognised in profit and loss *(Note)*	**6,414**	—
At end of year	**6,414**	—

Note: An allowance for impairment is established when there is objective evidence that the Group will not be able to collect some outstanding debts according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. As at 31 December 2015 and 2014, allowance of S$143,281 and S$129,608, respectively was provided for on debts which the counterparts were facing financial difficulties or entering into liquidation process.

18. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

As at 31 December 2015 and 2014, included in pledged bank deposits are S$Nil and S$79,564, respectively representing balances held in trust for the Group by Controlling Shareholders. Pledged bank deposits have been pledged as a security for bankers guarantee issued in relation to contracts awarded to the Group and bills payables facilities (Note 19). Pledged bank deposits carry prevailing market interest rate ranging from 0.15% to 0.25% and 0.25% per annum as at 31 December 2015 and 2014, respectively.

19. TRADE PAYABLES/BILLS PAYABLES

	At 31 December	
	2015	2014
	S$	*S$*
Trade payables	**1,044,626**	689,656
Bills payables	**—**	909,841

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:

	At 31 December	
	2015	2014
	S$	*S$*
0–30 days	**289,267**	148,912
31–90 days	**358,210**	260,016
Over 90 days	**397,149**	280,728
	1,044,626	689,656

The credit period on trade payable is normally between 30 days from the purchase recognition date for the reporting period.

As at 31 December 2014, all bills payables of the Group are aged within 120 days and the bills payables are drawn down under the terms of the banking facilities granted by the banks to the Group. Bills payables carried interest at prime rate plus margin per annum, i.e. 5.75% per annum as at 31 December 2015 and 2014, and are secured by pledged bank deposits as disclosed in Note 18.

20. OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2015	2014
	S$	*S$*
Advance billings to customers	**560,150**	589,458
Retention payable to suppliers	**48,910**	33,370
Goods and services tax payable	**140,012**	751,710
Accrued operating expenses	**288,556**	356,396
Accrued staff commission	**39,428**	38,899
Payable for acquisition of plant and equipment	**—**	25,064
Rental deposits received	**43,500**	—
Customer deposits received	**15,732**	—
Other payables	**6,104**	8,829
	1,142,392	1,803,726

21. OBLIGATIONS UNDER FINANCE LEASES

The Group entered into lease arrangements with independent third parties in relation to certain motor vehicles during the reporting period. The Group considered that these lease arrangements are finance lease as substantially all the risks and rewards incidental to ownership of these motor vehicles retained with the Group. The lease terms ranged from 2–7 years. Interest rates of underlying all obligations under finance leases at the date of inception is 3.0% to 6.9% and 3.8% to 7.1% per annum as at 31 December 2015 and 2014, respectively.

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2015	2014	**2015**	2014
	S$	*S$*	***S$***	*S$*
Amounts payable under finance leases:				
Within one year	**97,380**	101,901	**88,371**	91,825
In more than one year but not more than two years	**127,310**	68,280	**121,853**	62,038
In more than two years but not more than five years	**—**	97,601	**—**	93,132
	224,690	267,782	**210,224**	246,995
Less: future finance charges	**(14,466)**	(20,787)	**—**	—
Present value of lease obligations	**210,224**	246,995		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(88,371)**	(91,825)
Amount due for settlement after 12 months			**121,853**	155,170

As at 31 December 2015 and 2014, the balance of obligations under finance leases are secured by the lessor's charge over the leased assets of carrying amounts of S$233,458 and S$270,337, respectively.

22. DEFERRED TAX ASSET/(LIABILITY)

Deferred tax liability arises mainly from the excess of tax over book depreciation of plant and equipment.

	$
As at 1 January 2014	12,996
Charged to profit or loss *(Note 8)*	(12,996)
As at 31 December 2014	—
Charged to profit or loss *(Note 8)*	(40,000)
As at 31 December 2015	(40,000)

23. AMOUNTS DUE FROM (TO) RELATED PARTIES

The amounts due from (to) related parties (details of relationship with the Group are set out in Note 26) as at 31 December 2014 are trade in nature, unsecured, non-interest bearing and repayable within 30 days credit period. There were no amounts due from (to) related parties as at 31 December 2015.

	31–90 days	**91–180 days**	**180 days to 365 days**	**Over 365 days**	**Total**
	S$	*S$*	*S$*	*S$*	*S$*
Amount due from a related party:					
At 31 December 2014					
C.K. Toh Construction	7,716	631	12,112	24,401	44,860

	1–30 days	31–90 days	91–180 days	Total
	S$	*S$*	*S$*	*S$*
Amounts due to related parties:				
At 31 December 2014				
C.K. Toh Construction	(9,823)	(25,681)	(304,417)	(339,921)
Signmechanic Sdn Bhd	—	—	(6,811)	(6,811)
T3 Holdings	—	(1,461)	—	(1,461)
	(9,823)	(27,142)	(311,228)	(348,193)

24. AMOUNTS DUE FROM (TO) DIRECTORS

The amount due from a director of Signmechanic Singapore represented advance to Mr. Tan Thiam Kiat Kelvin as at 31 December 2014 and the amount is unsecured, non-interest bearing and repayable on demand. The maximum balance outstanding in respect of amount due from a director during 2014 is S$7,006.

The amounts due to directors of Signmechanic Singapore represented advances from Mr. Tan Kwang Hwee Peter, Mr. Tan Thiam Kiat Kelvin, Ms. Khoo Ai Lin and Ms. Ong Siew Mui as at 31 December 2014 and the amounts are unsecured, non-interest bearing and repayable on demand.

The amounts due from (to) directors have been settled in May 2015.

25. SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Reorganisation in the consolidated statement of financial position, the balances as at 1 January 2014 and 31 December 2014 represented the share capital of Signmechanic Singapore as the Company was incorporated in Cayman Islands on 10 March 2015. As at the date of its incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each.

On 23 June 2015, the Controlling Shareholders transferred the entire issued share capital of Signmechanic Singapore to Sino Promise in the consideration of HK$38,106,550, which was satisfied by (i) the Company allotting and issuing 999,999 new shares of the Company to the Controlling Shareholders, credited as fully paid and (ii) the crediting of the one nil-paid share of the Company.

The Company was successfully listed on the GEM board of the Stock Exchange on 10 July 2015 by way of placing of 100,000,000 Ordinary Shares (including 20,000,000 vendor shares) at the price of HK$0.50 per Share. The net proceeds were approximately S$3.81 million.

	Number of shares	Share capital
		S$
Issued and fully paid of Signmechanic Singapore:		
At 1 January 2014 and 31 December 2014	500,000	500,000
Issued and fully paid of KPM Holding Limited:		
At date of incorporation	1	—
Issued during the period	999,999	1,724
Share issued under the capitalization issue	319,000,000	550,000
Share issued under the placing	80,000,000	137,931
At 31 December 2015	400,000,000	689,655

26. RELATED PARTY DISCLOSURES

Apart from details disclosed elsewhere in the consolidated financial statements, the Group has entered into the following significant transactions with its related parties during the reporting period:

Name of related parties	Nature of transactions	Years ended 31 December	
		2015	2014
		S$	*S$*
C.K. Toh Construction	Sub-contracting of installation work and supply of labour from related party	—	177,012
	Sales to related parties	—	19,120
T3 Holdings	Rental expense of crane from related party	—	31,348
Signmechanic Sdn Bhd	Purchases of signages and sub-contracting of installation work from related party	—	70,039
Fusion Displays	Purchase of machineries	—	39,600

The Controlling Shareholders have equity interests in these related parties with significant influence over them for the year ended 31 December 2014. According, these entire are no longer related parties for the year end 31 December 2015.

In addition, Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter had jointly and severally provided a personal guarantee in favour of Ethoz Capital Ltd ("Ethoz Capital") to secure the obligations and liabilities of Signmechanic Singapore under a loan agreement entered into between Signmenchanic Singapore as the borrower and Ethoz Capital as the lender dated 31 October 2014 in relation to a loan facility of S$1,000,000 granted by Ethoz Capital to Signmechanic Singapore.

The loan facility had not been utilised as at 31 December 2014. It was utilised and the loan was fully repaid during 2015 and Ethoz Capital has released the guarantee from Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter.

At the end of the respective reporting period, the Group has the following balances with related parties:

	At 31 December	
	2015	2014
	S$	*S$*
Amount due from a related party		
— C.K. Toh Construction	—	44,860
Amounts due to related parties		
— C.K. Toh Construction	—	339,921
— Signmechanic Sdn Bhd	—	6,811
— T3 Holdings	—	1,461
	—	348,193

Guaranteed from Controlling Shareholders

Apart from disclosure elsewhere in these financial statements, the Controlling Shareholders jointly and severally provided a personal guarantee in respect of a loan facility of S$1,000,000 in favor to the Group in October 2014. The loan has not been drawn down as at 31 December 2014. In 2015, the loan was utilised and fully repaid in 2015 and the personal guarantee from the controlling shareholders have been released.

27. CONTINGENT LIABILITIES

As at 31 December 2015 and 2014, the Group has following contingent liabilities:

	At 31 December	
	2015	2014
	S$	*S$*
Guarantee provided in respect of performance bonds in favor of customers	**143,930**	193,528

28. EVENTS AFTER THE FINANCIAL YEAR

During March 2016, the Company has set up a new British Virgin Island subsidiary, Joyful Passion Limited, which is currently dormant.

MANAGEMENT DISCUSSION AND ANALYSIS

General

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

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2015, the Group recorded revenue of approximately S$11,384,000 (2014: approximately S$11,850,000) and profit of S$170,000 (2014 profit of: approximately S$2,565,000).

Revenue had decreased by 3.9% attributable to lower revenue by S$1,118,000 from the private sector. This was partly offset by higher public sector revenue by S$652,000 due to several high value contracts recognised during the year period.

The gross profit for the year ended 31 December 2015 was approximately S$5,239,000 (2014: approximately S$5,543,000). The lower gross profit by S$304,000 was due to higher cost of materials and rental overheads.

Other gains and losses included approximately S$332,000 relating to unrealised foreign exchange gain for the bank and cash balances which is denominated in Hong Kong Dollars.

Selling and administrative expenses for the year ended 31 December 2015 was approximately S$2,667,000, (2014: approximately S$2,638,000) representing an increase of S$29,000 or 1.1% mainly due to higher expenses incurred for professional fees and upkeep of equipment and vehicles. This is partially offset by lower rental of vehicles and commission expenses.

Other expenses for the year ended 31 December 2015 included approximately S$2,435,000 listing expenses.

The Group recorded a profit before tax for the year ended 31 December 2015 of approximately S$518,000 (2014: profit of approximately S$2,828,000), representing a decrease of S$2,310,000 as compared with the corresponding period of last year. This was mainly due to the listing expenses incurred of S$2,435,000, lower gross profit of S$304,000 and higher selling and administrative expenses of S$29,000. However, the Group has recognised higher other gains due to higher foreign exchange gain. Excluding the one-off listing expenses, the profit before tax for the year ended 31 December 2015 would have been S$2,953,000, representing an increase of S$125,000 or 4.4%.

Profit for the year ended 31 December 2015 was approximately S$170,000, representing a decrease of S$2,395,000 as compared with profit of approximately S$2,565,000 for the corresponding period in 2014.

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 manages 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 period under review, the Group raised net proceeds from issuance of share capital of approximately S$7,746,000. The net cash used in operating activities of approximately S$1,822,000 included the listing expenses paid of approximately S$2,435,000.

The Group had repaid the bills payable of approximately S$910,000 outstanding as at 31 December 2014. As at 31 December 2015, the Group's borrowings comprised the obligations under finance lease of approximately S$210,000 (31 December 2014: approximately S$247,000).

At 31 December 2015, the Group had cash and cash equivalents of approximately S$9,839,000 (31 December 2014: approximately S$5,087,000) which were placed with major banks in Singapore and Hong Kong.

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of the Group. However, the Group retains the proceeds from Placement in Hong Kong Dollars which contributed to an unrealised foreign exchange gain of approximately S$332,000 as Hong Kong Dollars appreciated against the Singapore Dollars.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, nor were there any material acquisitions and disposals of subsidiaries during the period under review. There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this report.

Charges on Group's Assets

The Group has total present value of lease obligations under finance lease, which are secured by the relevant leased motor vehicles amounting to approximately S$233,000.

Contingent Liabilities

As at 31 December 2015, the guarantees in respect of performance bonds in favor of our customers was approximately S$144,000, which is secured by pledged bank deposits.

Capital Commitments

As at 31 December 2015, the Group did not have any capital commitment.

Employee Information

As at 31 December 2015, the Group had an aggregate of 72 (2014: 67) 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$2,688,000 for the year ended 31 December 2015 (year ended 31 December 2014: approximately S$2,239,000).

Comparison of Business Objectives with Actual Business Progress

The business objectives as set out in the prospectus of the Company dated 30 June 2015 (the "Prospectus") for the period from 10 July 2015 (the "Listing Date") to 31 December 2015 is set out below:

Business objectives	**Planned expenses (as stated in prospectus) in respect of business objectives From the Listing Date to 31 December 2015** *HK$ (in million)*
Purchase of materials and/or equipment in relation to expansion of existing sector and to target and secure more non-road infrastructure related projects	0.3
Expansion via new companies or acquisitions	—
Expansion and enhancement of work force to support our business expansion in the existing sector and non-road infrastructure related projects	0.2
Working capital and other general corporate purposes	—
Total	0.5

In view of the challenging economic and construction industry environment, the Group has deferred the implementation of these business objectives and such planned business expenses to next year.

Use of Proceeds from the Placing of Shares

The Company was successfully listed on GEM on the Listing Date by way of the placing of 80,000,000 new shares and 20,000,000 sale shares in the Company at the placing price of HK$0.50 each (the "Placing") and the net proceeds raised from the Placing were about HK$21.7 million (approximately S$3.81 million) after deducting the listing-related expenses.

In line with that disclosed in the Prospectus, the Company intends to apply the net proceeds raised from the Placing as to:

(i) approximately 35% of the net proceeds or approximately HK$8.2 million for the purchase of materials and/or equipment in relation to expansion of existing sector and target and secure more non-road infrastructure related projects;

(ii) approximately 35% of the net proceeds or approximately HK$8.2 million via new companies;

(iii) approximately 20% of the net proceeds or approximately HK$4.7 million for the expansion and enhancement of work force to support our business expansion in the existing sector and non-road infrastructure related projects; and

(iv) approximately 10% of the net proceeds or approximately HK$2.3 million for working capital and other general corporate purpose.

As at 31 December 2015, the Company has not yet utilised the net proceeds of approximately HK$21.7 million raised from the Placing in accordance with the intended use of proceeds set out in the Prospectus.

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

BUSINESS REVIEW

Revenue comprised of revenue from the sales of signage and related products in both the public and private sectors in Singapore, which amounted to approximately S$11,384,000 and S$11,850,000 for the year ended 31 December 2015 and 2014, 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.

During the current financial year, the business revenue and net profit was approximately S$11,384,000 and S$170,000 respectively. The public sector revenue has increased by S$652,000 mainly due to the contribution of 2 significant contracts which only commenced around mid 2014. However, the revenue for private sector is lower due to the absence of major contracts in the first nine months of 2015. The contracts and orders on hand are mainly for the public sector during the current year.

Prospects

According to the release by Ministry of Trade and Industry of Singapore on 24 February 2016, the Singapore economy expanded by 2.0% in 2015, slower than the 3.3% in 2014. Growth in the construction sector moderated to 2.5%, from 3.5% in 2014, primarily due to a lower volume of private industrial and residential building activities. The Singapore economic growth forecast for 2016 is between 1.0% and 3.0%.

The construction output in 2015 was approximately S$35 billion, contributing 4.7% of Singapore GDP in 2015. According to the release by Building and Construction Authority of Singapore on 15 January 2016, the total construction output in 2016 was expected to moderate to between S$32 billion and S$34 billion, partly due to the lower construction demand in 2015. Construction demand in 2016 was expected to be around S$27 billion to S$34 billion, with public sector's contribution being the highest since 2002 of about S$18.5 billion to S$21.5 billion. This higher construction demand in the public sector is largely driven by civil engineering demand, with key projects such as the ramp-up in the Home Improvement Programme for HDB flats, the construction of the new National Cancer Centre, 2 new State Courts' buildings at Havelock Square, JTC's Integrated Logistics Hub, PUB's water reclamation and sewerage projects, Changi Airport's 3-runway system (package 2), improvement works to the Kranji Expressway and Pan-Island Expressway, and the remaining contracts for the Thomson-East Coast MRT line. It is expected that the Group will benefit from the civil engineering demand, in particular those relating to road infrastructure, amidst a challenging economic and construction industry environment.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 31 December 2015, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future 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 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 relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director/ chief executive	**Nature of interest**	**Number of shares held** *Shares held (in thousands)*	**Approximate percentage of the issued share capital**
Executive Directors:			
Mr. Tan Thiam Kiat Kelvin	Interest of controlled company[1]	300,000	75%
Mr. Tan Kwang Hwee Peter	Interest of controlled company[1]	300,000	75%

Notes:

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

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had or was deemed to have 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 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 relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2015, the Company had been notified of the following substantial shareholder's interest and short positions being 5% or more of the issued share capital of the Company.

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 issued share capital
Absolute Truth Investment Limited	Beneficial owner	300,000,000	75%

Save as disclosed above, 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 the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 December 2015.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

SHARE OPTION SCHEME

There were no unissued shares of the Company or the subsidiaries under option.

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

Since the Listing Date to 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 Directors, the Company has complied with the CG Code since the Listing Date and up to 31 December 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Having been made specific enquiry of all the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code since the Listing Date and up to 31 December 2015.

EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

As far as the Company is aware, there were no significant events affecting the Company nor any of its subsidiaries after the financial year ended 31 December 2015 requiring disclosure in this announcement except that the Company has set up a new British Virgin Island subsidiary, Joyful Passion Limited, which is currently dormant.

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 Mdm. Kow Yuen-Ting (Gao Yun Ting), Mr. Tan Kiang Hua and Mr. Oh Eng Bin (Hu Rongming). Mdm. Kow Yuen-Ting (Gao Yun Ting), 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.

For the financial year ended 31 December 2015, the Audit Committee held three meetings to review with external auditor and senior management the interim and annual results of the Group as well as the accounting principles and practices being adopted and financial reporting matters.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The annual general meeting of the Company for the financial year ended 31 December 2015 will be held on Tuesday, 10 May 2016. A circular containing the notice of convening the annual general meeting and the form of proxy will be issued and despatched to the Shareholders of the Company together with the annual report in due course.

The Company's annual report for the year ended 31 December 2015 will be published on the GEM website at www.hkgem.com and on the Company's website at www.kpmholding.com in due course.

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

Singapore, 22 March 2016

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Tan Thiam Kiat Kelvin (Chairman), Mr. Tan Kwang Hwee Peter and Ms Liu Qian and three independent non-executive Directors, namely, Mr. Tan Kiang Hua, Mr. Oh Eng Bin (Hu Rongming) and Mdm. Kow Yuen-Ting (Gao Yun Ting).

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at www.kpmholding.com.