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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.

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.

* For identification purposes only

RESULTS

The board (the “Board”) of Directors of the Company (together with its subsidiaries, the “Group”) is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2020 respectively, together with the unaudited comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2020

		Three months ended 30 September		Nine months ended 30 September	
		2020	2019	2020	2019
	Note	S\$	S\$	S\$	S\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	593,085	2,132,831	3,218,120	6,260,839
Cost of sales		(938,419)	(1,840,191)	(3,156,873)	(4,561,075)
Gross (loss) profit		(345,334)	292,640	61,247	1,699,764
Other income	4	180,548	56,056	491,041	145,600
Other gains and losses	5	(784,149)	151,972	(399,047)	23,931
Selling and administrative expenses		(803,449)	(819,930)	(3,301,317)	(2,439,214)
Finance costs	6	(10,943)	(5,781)	(47,844)	(20,407)
Loss before income tax		(1,763,327)	(325,043)	(3,195,920)	(590,326)
Income tax credit (expense)	7	225,400	24,332	293,700	(57,954)
Loss for the period		(1,537,927)	(300,711)	(2,902,220)	(648,280)
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operation		28,998	(25,581)	(33,987)	(17,234)
Other comprehensive income, net of tax		28,998	(25,581)	(33,987)	(17,234)
Total comprehensive loss and loss attributable to owners of the Company		(1,508,929)	(326,292)	(2,936,207)	(665,514)
Losses per share					
Basic and diluted (<i>S\$ cents</i>)	8	(0.120)	(0.023)	(0.227)	(0.051)
			(restated)		(restated)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 10 March 2015 and its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Companies Ordinance”) on 30 March 2015 and the principal place of business in Hong Kong registered is Unit 6, 10/F, Wayson Commercial Building, 28 Connaught Road West, Sheung Wan, Hong Kong. The head office and principal place of business of the Group is at 14 Loyang Way 4, Singapore 507601.

The Company is an investment holding company and the principal activities of its operating subsidiary is engaged in the design, fabrication, installation and maintenance of signage and related products.

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

This unaudited condensed consolidated financial information was approved by the Board on 6 November 2020.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the Annual Report for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019 except for the adoption of the new and revised IFRS, amendments and Interpretations that are effective for financial period beginning on 1 January 2020 and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior period.

3. REVENUE AND SEGMENT INFORMATION

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

Information is reported to the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of contracts, i.e. “Public” and “Private” and profit 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:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Public	430,890	1,823,955	2,756,515	5,443,717
Private	162,195	308,876	461,605	817,122
	<u>593,085</u>	<u>2,132,831</u>	<u>3,218,120</u>	<u>6,260,839</u>

Entity-wide disclosures

Major products

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

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

Major customers

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

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	87,995	Note	462,049	Note
Customer B	85,469	Note	Note	Note
Customer C	Note	249,754	Note	Note

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, respectively.

4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	72,628	47,291	169,907	112,071
Government grants	106,656	5,007	311,516	20,167
Others	1,264	3,758	9,618	13,362
	<u>180,548</u>	<u>56,056</u>	<u>491,041</u>	<u>145,600</u>

5. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reversal of (Allowance for) doubtful debts	35,426	17,464	35,530	(38,893)
(Loss) Gain on disposal of plant and equipment	–	(2,326)	2,000	(2,326)
Plant and equipment written off	–	–	(3,365)	–
Foreign exchange (loss) gain, net	(119,575)	136,834	266,788	65,150
Settlement of law suit	(700,000)	–	(700,000)	–
	<u>(784,149)</u>	<u>151,972</u>	<u>(399,047)</u>	<u>23,931</u>

On 18 January 2019, Signmechanic Pte Ltd (“Signmechanic”), a wholly-owned subsidiary of the Company, received a letter of demand from a solicitors firm who act for Mandai Development Pte Ltd (“MDPL”), claiming that Signmechanic had made a negligent misrepresentation to MDPL on a property sold and MDPL claimed for their loss and damage amounting to a total sum of S\$1,007,540. Signmechanic and MDPL have resolved their dispute in relation to the suit mentioned above through mediation on 29 September 2020. Signmechanic shall pay S\$700,000 to MDPL by two installments ended on 14 December 2020.

6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interests on borrowings:				
– Term loan	8,950	–	40,592	–
– Lease liabilities	1,993	5,781	7,252	20,407
	<u>10,943</u>	<u>5,781</u>	<u>47,844</u>	<u>20,407</u>

7. INCOME TAX (CREDIT) EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – Singapore Corporate Income Tax (“CIT”)	(225,400)	(24,800)	(293,700)	44,300
Under provision in prior year	–	468	–	13,654
	<u>(225,400)</u>	<u>(24,332)</u>	<u>(293,700)</u>	<u>57,954</u>

Singapore CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies are eligible for CIT rebate of 25%, capped at S\$15,000 for Year of Assessment 2020. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income from Year of Assessment 2020 onwards.

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

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss before tax	(1,763,327)	(325,043)	(3,195,920)	(590,326)
Tax at Singapore CIT of 17%	(299,766)	(55,257)	(543,306)	(100,355)
Tax effect of expenses not deductible for tax purpose	69,820	36,850	278,047	161,069
Tax effect of income under tax exemption and rebate	4,577	(5,060)	(28,344)	(10,063)
Under provision in prior year	–	468	–	13,654
Others	(31)	(1,333)	(97)	(6,351)
Income tax (credit) expense for the period	<u>(225,400)</u>	<u>(24,332)</u>	<u>(293,700)</u>	<u>57,954</u>

8. LOSSES PER SHARE

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company	<u>(1,537,927)</u>	<u>(300,711)</u>	<u>(2,902,220)</u>	<u>(648,280)</u>
Weighted average number of ordinary shares in issue	<u>128,000,000</u>	<u>128,000,000</u> (restated)	<u>128,000,000</u>	<u>128,000,000</u> (restated)
Basic and diluted losses per share (S\$ cents)	<u><u>(0.120)</u></u>	<u><u>(0.023)</u></u>	<u><u>(0.227)</u></u>	<u><u>(0.051)</u></u>

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

The weighted average number of ordinary shares during the three months and nine months ended 30 September 2019 have been adjusted for the Share Consolidation.

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

9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2020 (2019: Nil).

10. RELATED PARTY DISCLOSURES

The Group has not entered into any related party transaction during the period under review.

Compensation of key management personnel

The remuneration of executive directors of the Group was as follows:

	Three months ended 30 September 2020		2019		Nine months ended 30 September 2020		2019	
	S\$		S\$		S\$		S\$	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Short-term benefits	42,402		74,100		137,812		222,122	
Post-employment benefits	3,060		6,120		10,880		18,360	
Share-based payment expenses	—		—		57,622		—	
	<u>45,462</u>		<u>102,933</u>		<u>206,314</u>		<u>307,859</u>	

The remuneration of executive directors of the Group is determined by having regard to the performance of individuals of the Group and market trends.

11. RESERVES

The movement of reserves are as follows:

	Three months ended 30 September 2020		2019		Nine months ended 30 September 2020		2019	
	S\$		S\$		S\$		S\$	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Currency translation reserve								
Foreign currency translation	<u>28,998</u>		<u>(25,581)</u>		<u>(33,987)</u>		<u>(17,234)</u>	

12. CONTINGENT LIABILITIES (SECURED)

The Group has following contingent liabilities:

	30 September 2020	31 December 2019
	S\$	S\$
	(Unaudited)	(Audited)
Guarantee provided in respect of performance bonds in favor of customers	<u>21,200</u>	<u>21,200</u>

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

During the nine months ended 30 September 2020, the Group 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, bus stops and aluminium railing to customers located in Singapore.

FINANCIAL REVIEW

Revenue and Results

For the nine months ended 30 September 2020, the Group recorded an unaudited revenue of approximately S\$3,218,000 (2019: approximately S\$6,261,000) and loss of approximately S\$2,902,000 (2019: S\$648,000).

Revenue had decreased by approximately 48.6% or S\$3,043,000. The gross profit and gross profit margin for the nine months ended 30 September 2020 was approximately S\$61,000 (2019: S\$1,700,000) and approximately 1.9% (2019: 27.1%) respectively. Decrease of revenue and gross profit are mainly due to circuit breaker measures implemented by the Government of Singapore in response to the COVID-19 pandemic in the country. All non-essential workplaces closed from 7 April 2020 and some restrictions were relaxed progressively in stages to prepare for the end of the circuit breaker on 1 June 2020. Three phases of planned reopening. Phase 1 started on 2 June 2020, while Phase 2 started on 19 June 2020 and remains in force as of October 2020. Phase 3 is scheduled to start by end-2020 subject to conditions, and it will last until an effective treatment or vaccine is found to stop the spread of COVID-19.

Other gains and losses for the nine months ended 30 September 2020 included S\$700,000 settlement amount to resolve the dispute in relation to the suit, offset with approximately S\$267,000 of foreign exchange gain which was mainly arise from loan receivables and cash and cash equivalents denominated in Hong Kong dollars which was appreciating against Singapore dollars.

Selling and administrative expenses for the nine months ended 30 September 2020 was approximately S\$3,301,000 (2019: S\$2,439,000) representing an increase of S\$862,000 or 35.3% mainly due to share-based payment expenses, higher for advertisement expenses and legal and professional fees incurred.

The Group recorded a loss before tax for the nine months ended 30 September 2020 of approximately S\$3,196,000, compared to S\$590,000 for the corresponding period in 2019.

Loss for the nine months ended 30 September 2020 was approximately S\$2,902,000, compared to S\$648,000 for the corresponding period in 2019.

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\$3,218,000 and S\$6,261,000 for the nine months ended 30 September 2020 and 2019, respectively.

Public sector includes road signage, bus stops, education institutions, public housing flats/ compounds, public transport, 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.

Revenue had decreased by approximately S\$3,043,000 mainly due to circuit breaker measures implemented by the Government of Singapore in response to the COVID-19 pandemic in the country. All non-essential workplaces closed from 7 April 2020 and some restrictions were relaxed progressively in stages to prepare for the end of the circuit breaker on 1 June 2020. Three phases of planned reopening. Phase 1 started on 2 June 2020, while Phase 2 started on 19 June 2020 and remains in force as of October 2020. Phase 3 is scheduled to start by end-2020 subject to conditions, and it will last until an effective treatment or vaccine is found to stop the spread of COVID-19.

PROSPECTS

Consistent with the outlook shared at the chairman's statement in 2019 annual report, the demand in construction sector activities has declined which would adversely affect the Group's revenue. In addition, the Government of Singapore has implemented measures to reduce the risk of further local transmission of COVID-19 since April 2020 which will continue to affect the operation of the Group. Looking forward, due to the outbreak of COVID-19, the fierce competition in bidding prices and higher material costs, both revenue and gross profit of the local construction market is expected to be decreased. In order to diversify the Group's existing business portfolio and broaden its source of income, the Group has commenced the business of provision of subcontracting services for fitting-out work of commercial premises and residential developments and renovation work of premises in Hong Kong. The Group expects the new business will generate revenue in the coming year. 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.

EMPLOYEE INFORMATION

As at 30 September 2020, the Group had an aggregate of 83 (2019: 85) 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\$2,567,000 for the nine months ended 30 September 2020 (2019: approximately S\$2,356,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2020, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	Nature of interest	Number of shares held	Number of underlying shares held ⁽²⁾	Approximate percentage of issued share capital
Executive Directors:				
Tan Thiam Kiat Kelvin	Interest of controlled company ⁽¹⁾	39,337,600	—	30.73%
Kong Weishan	Beneficial owner	—	1,280,000	1.00%
Independent non-executive Directors:				
Lau Muk Kan	Beneficial owner	—	1,280,000	1.00%
Lock Kiu Yin	Beneficial owner	—	1,280,000	1.00%
Xiao Laiwen	Beneficial owner	—	1,280,000	1.00%

Note:

- (1) The entire issued share capital of Absolute Truth Investments Limited is beneficially owned as to 50% by Mr. Tan Thiam Kiat Kelvin and as to 50% by Mr. Tan Kwang Hwee Peter. Under the SFO, Mr. Tan Thiam Kiat Kelvin is deemed to be interested in all the shares held by Absolute Truth Investments Limited.
- (2) On 9 April 2020, the Company granted share options to Ms. Kong Weishan, Mr. Lau Muk Kan, Mr. Lock Kiu Yin and Mr. Xiao Laiwen under the share option scheme of the Company at an exercise price of HK\$0.45 per share (adjusted) with a validity period of two years from 9 April 2020 to 8 April 2022 (both days inclusive).

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2020, the following substantial shareholders' and other persons' interest and short positions of 5% or more of the issued share capital of the Company were recorded in the register required to be kept under section 336 of Part XV of the SFO:

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

Name of substantial shareholders	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Absolute Truth Investments Limited	Beneficial owner	39,337,600	30.73%
Tan Kwang Hwee Peter	Interest of controlled company ⁽¹⁾	39,337,600	30.73%
Wang Ya Fei	Beneficial owner	9,600,000	7.50%
Han Dongshen	Beneficial owner	7,040,000	5.50%

Note:

- (1) The entire issued share capital of Absolute Truth Investments Limited is beneficially owned as to 50% by Mr. Tan Thiam Kiat Kelvin and as to 50% by Mr. Tan Kwang Hwee Peter. Under the SFO, Mr. Tan Kwang Hwee Peter is deemed to be interested in all the shares held by Absolute Truth Investments Limited.

Save as disclosed above, as at 30 September 2020, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company, whose interests are disclosed above) who had an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange.

COMPETING BUSINESS

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

SHARE OPTION

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

On 9 April 2020, the Company granted a total of 12,800,000 share options (adjusted) to Directors and employees of the Group under the Share Option Scheme at an exercise price of HK\$0.45 per share (adjusted) with a validity period of two years from 9 April 2020 to 8 April 2022 (both days inclusive). The closing price of the Company’s shares immediately before the date of grant is HK\$0.45 (adjusted).

Save as disclosed above, during the nine months ended 30 September 2020, no share options was granted, exercised, lapsed or cancelled under the Share Option Scheme. As at 30 September 2020, there were 12,800,000 outstanding share options.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period under review.

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 for the nine months ended 30 September 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code for the nine months ended 30 September 2020.

AUDIT COMMITTEE

Our Group established an audit committee on 23 June 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three independent non-executive Directors namely Mr. Lock Kiu Yin, Mr. Xiao Laiwen and Mr. Lau Muk Kan. Mr. Lock Kiu Yin, a Director with the appropriate professional qualifications, serves as the chairman of the audit committee.

Among other things, the primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Group's unaudited condensed consolidated results for the nine months ended 30 September 2020 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 September 2020.

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

Singapore, 6 November 2020

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

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.