



2023
INTERIM REPORT

AM GROUP HOLDINGS LIMITED
秀商時代控股有限公司

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)
STOCK CODE: 1849

Contents

	Page Number
Corporate Information	2
Financial Highlights	4
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Unaudited Condensed Consolidated Statement of Financial Position	6
Unaudited Condensed Consolidated Statement of Changes in Equity	7
Unaudited Condensed Consolidated Statement of Cash Flows	8
Notes to the Unaudited Condensed Consolidated Financial Statements	10
Management Discussion and Analysis	32
Corporate Governance and Other Information	40

Corporate Information

EXECUTIVE DIRECTORS

Ms. Teo Li Lian

(Co-Chairlady and Chief Executive Officer)

Mr. Teo Kuo Liang

Mr. Mu Lei *(Co-Chairman)*

NON-EXECUTIVE DIRECTOR

Mr. Shi Lizhi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Wee Pin

(appointed on 29 November 2022)

Mr. Lee Shy Tsong

Ms. Zhang Hong

Mr. Chung Kwok Hoe

(retired on 29 November 2022)

AUDIT COMMITTEE

Mr. Lim Wee Pin *(Chairman)*

(appointed on 29 November 2022)

Mr. Lee Shy Tsong

Ms. Zhang Hong

Mr. Chung Kwok Hoe

(retired on 29 November 2022)

REMUNERATION COMMITTEE

Mr. Lee Shy Tsong *(Chairman)*

Ms. Teo Li Lian

Mr. Lim Wee Pin

(appointed on 29 November 2022)

Ms. Zhang Hong

Mr. Chung Kwok Hoe

(retired on 29 November 2022)

NOMINATION COMMITTEE

Mr. Lim Wee Pin *(Chairman)*

(appointed on 29 November 2022)

Mr. Lee Shy Tsong

Ms. Zhang Hong

Mr. Chung Kwok Hoe

(retired on 29 November 2022)

COMPANY SECRETARY

Ms. Leung Ho Yee

AUTHORISED REPRESENTATIVES

Ms. Teo Li Lian

Ms. Leung Ho Yee

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

60 Paya Lebar Road

#12-51/52

Paya Lebar Square

Singapore 409051

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31st Floor

148 Electric Road

North Point

Hong Kong

INDEPENDENT AUDITOR

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

31/F, Gloucester Tower

The Landmark

11 Pedder Street, Central

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Hong Kong

DBS Bank (Hong Kong) Limited
Institutional Banking Group
16th Floor, The Center
99 Queen's Road Central
Hong Kong

Singapore

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Malaysia

CIMB Bank Berhad
Menara Bumiputra Commerce
No. 11 Jalan Raja Laut
50350 Kuala Lumpur

COMPANY WEBSITE

<http://www.amgroup Holdings.com/>

LISTING INFORMATION

Place of Listing: The Main Board of The
Stock Exchange of Hong
Kong Limited
Stock Code: 1849
Board Lot: 5,000 shares

The board of directors of AM Group Holdings Limited (the “Company”, the “Directors” and the “Board”, respectively) announces the unaudited interim financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2022 (the “Reporting Period”) together with the relevant comparative figures.

FINANCIAL HIGHLIGHTS

Revenue of the Group for the Reporting Period was S\$23.7 million, representing a decrease of 30% over the corresponding period last year.

Gross profit for the Reporting Period stood at S\$6.7 million, representing a decrease of 42.2% over the corresponding period last year.

Profit for the Reporting Period stood at S\$2.1 million, representing a decrease of 63% over the corresponding period last year. The decrease was mainly due to the following reasons:

1. Decrease of revenue in online platform management services from approximately S\$21.0 million to approximately S\$11.5 million; and a decrease of revenue in search engine marketing services from approximately S\$10.1 million to S\$9.2 million;
2. Decrease of gross profit margin from approximately 34% to 28%.

The Board has resolved not to declare any interim dividend in respect of the six months ended 31 December 2022 (six months ended 31 December 2021: nil).

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2022

	Notes	Six months ended 31 December	
		2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Revenue	4	23,740	34,026
Cost of services		(17,009)	(22,440)
Gross profit		6,731	11,586
Other income	5	206	117
Other gains	6	15	13
Selling expenses		(374)	(1,980)
General and administrative expenses		(4,213)	(3,333)
Impairment losses under expected credit loss ("ECL") model, net of reversal		217	134
Finance costs	7	(130)	(36)
Profit before taxation		2,452	6,501
Income tax expense	8	(388)	(930)
Profit for the period	9	2,064	5,571
Other comprehensive (expense)/income: <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of a foreign operation		(1,331)	285
Total comprehensive income for the period		733	5,856
Profit for the period attributable to:			
Owners of the Company		1,608	4,434
Non-controlling interests		456	1,137
		2,064	5,571
Total comprehensive income for the period attributable to:			
Owners of the Company		507	4,662
Non-controlling interests		226	1,194
		733	5,856
Earnings per share (in Singapore cent)			
Basic and diluted	11	0.20	0.55

Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
Non-current assets			
Plant and equipment	12	217	235
Right-of-use assets		903	1,475
Investment property		2,839	2,869
Goodwill		11,986	11,986
Intangible assets	13	3,100	11,058
		19,045	27,623
Current assets			
Trade and other receivables	14	39,814	31,421
Bank balances and cash	15	16,400	12,307
		56,214	43,728
Current liabilities			
Trade and other payables	16	22,263	18,847
Contract liabilities	17	4,187	4,976
Lease liabilities	18	867	1,027
Bank and other borrowings	19	699	338
Income tax payable		1,546	821
		29,562	26,009
Net current assets		26,652	17,719
Total assets less current liabilities		45,697	45,342
Non-current liabilities			
Amount due to non-controlling interests	20	562	605
Lease liabilities	18	51	457
Bank and other borrowings	19	2,001	1,930
Deferred tax liabilities		4	4
		2,618	2,996
Net assets		43,079	42,346
Capital and reserves			
Share capital	21	1,389	1,389
Share premium	22	19,366	19,366
Reserves		16,374	15,863
Equity attributable to owners of the Company		37,129	36,618
Non-controlling interests		5,950	5,728
Total equity		43,079	42,346

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

	Share capital S\$'000	Share premium S\$'000	Merger reserve S\$'000	Translation reserve S\$'000	Statutory reserve S\$'000	Retained earnings S\$'000	Sub-total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
As at 1 July 2021 (Audited)	1,389	19,366	220	657	366	13,573	35,571	4,939	40,510
Profit for the period	–	–	–	–	–	4,434	4,434	1,137	5,571
Other comprehensive income for the period:									
Exchange differences on translation of a foreign operation	–	–	–	228	–	–	228	57	285
Total comprehensive income	–	–	–	228	–	4,434	4,662	1,194	5,856
Transfer of reserve	–	–	–	–	401	(401)	–	–	–
As at 31 December 2021 (Unaudited)	1,389	19,366	220	885	767	17,606	40,233	6,133	46,366
As at 1 July 2022 (Audited)	1,389	19,366	220	601	366	14,676	36,618	5,728	42,346
Profit for the period	–	–	–	–	–	1,608	1,608	456	2,064
Other comprehensive expense for the period:									
Exchange differences on translation of a foreign operation	–	–	–	(1,101)	–	–	(1,101)	(230)	(1,331)
Total comprehensive (expense)/income	–	–	–	(1,101)	–	1,608	507	226	733
As at 31 December 2022 (Unaudited)	1,389	19,366	220	(500)	366	16,284	37,125	5,954	43,079

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before taxation	2,452	6,501
Adjustments for:		
Amortisation of intangible assets	31	33
Depreciation of plant and equipment	47	46
Depreciation of investment property	32	32
Depreciation of right-of-use assets	137	494
Finance costs	62	36
Interest income	(59)	—
Impairment loss, net of reversal on trade receivables	(217)	(134)
Loss on written off of plant and equipment	—	(2)
Operating cash flows before movements in working capital	2,485	7,006
Movements in working capital:		
Increase in trade and other receivables	(10,440)	(929)
Increase/(Decrease) in trade and other payables	4,592	(155)
Decrease in contract liabilities	(789)	(503)
Cash (used in)/generated from operations	(4,152)	5,419
Income tax refund/(paid)	337	(95)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(3,815)	5,324
INVESTING ACTIVITIES		
Interest received from time deposits	59	—
Deposit for intangible assets	—	(8,562)
Net cash inflow on cancellation platform development	7,199	—
Purchase of plant and equipment	(37)	(31)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	7,221	(8,593)

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(68)	(67)
Interest paid on bank and other borrowings	(66)	(14)
Repayment of other borrowings	(225)	—
Repayment of leasing liabilities	(133)	(462)
Interest paid on lease liabilities	—	(22)
Proceeds from other borrowings	754	—
Repayment of advance from non-controlling interests	(42)	(572)
NET CASH USED IN FINANCING ACTIVITIES	(220)	(1,137)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,626	(4,406)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	12,307	14,281
Effect of foreign exchange rate changes	467	265
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16,400	10,140
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged cash and bank balances	4,400	10,140
Time deposits	12,000	—
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	16,400	10,140

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 7 December 2017. The registered address of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is at 60 Paya Lebar Road, #12-51/52 Paya Lebar Square, Singapore 409051. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 June 2019.

Its parent is Activa Media Investment Limited (incorporated in the British Virgin Islands). Its ultimate controlling parties are Ms. Teo Li Lian, the co-chairlady, the executive Director and the chief executive officer of the Company and Mr. Teo Kuo Liang, the executive Director of the Company.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as the "Group") are principally engaged in the provision of online marketing services and operation of online e-commerce platform.

Other than the subsidiaries of the Company established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB") and the subsidiaries of the Company established in Malaysia whose functional currency is Ringgit ("MYR"), the functional currency of the remaining subsidiaries of the Company established in Singapore is Singapore dollars ("S\$").

The unaudited condensed consolidated financial statements of the Group are presented in "S\$", which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group ("Condensed Consolidated Interim Financial Statements") have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the Condensed Consolidated Interim Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Company's consolidated financial statements for the year ended 30 June 2022. The accounting policies and method of computation adopted for the condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2022 and the particulars of the Group's adoption of new and amended standards are set out below.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

3. APPLICATION OF NEW AND REVISED IFRSs

During the Reporting Period, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 July 2022. The application of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation, of the Group's financial statements and amounts reported for the current period and prior periods. The Group has not early applied the new and revised IFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standards, amendments and interpretations will have no material impact on the unaudited condensed consolidated financial statements of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue

The analysis of the Group's revenue for the Reporting Period is as follows:

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Search engine marketing services	9,219	10,055
Creative and technology services	2,354	2,328
Social media marketing services	630	649
Online platform management services	11,537	20,981
Online platform marketing services	—	13
	23,740	34,026

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION — *continued*

Revenue — *continued*

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Timing of revenue recognition:		
Over time:		
— Search engine marketing services	9,219	10,055
— Social media marketing services	630	649
— Online platform management services	1,805	7,755
— Online platform marketing services	—	13
	11,654	18,472
At point in time:		
— Creative and technology services	2,354	2,328
— Online platform management services	9,732	13,226
	12,086	15,554
	23,740	34,026

The customers of the Group mainly include local and international brands across various business sectors.

The Group provides search engine marketing services and social media marketing services to customers. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance. Revenue is recognised for these search engine marketing services and social media marketing services based on the stage of completion of the contract using input method. The Group generally requires customers to provide upfront payments of certain percentage of the contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract completion exceeds the amount of the deposit. The period for the search engine marketing services and social media marketing services is generally within 1 year. Revenues recognised from these services are based on a fixed fee. The Group generally bills the remaining balances on a periodic basis and provides credit terms of 7 days (2021: 7 days) to its customers.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION — *continued*

Revenue — *continued*

The Group provides creative and technology services and online platform management services to customers. Such services are recognised at a point in time when the websites or services are available for the customers because the Group has determined that control of the performance obligation has transferred to the customers (i.e. service performed) as the Group has the right to payment for its service and customers have accepted its services. Revenue recognised from creative and technology services are based on a fixed fee. The Group generally bills its customers when services are performed and provides credit terms of 7 days (2021: 7 days) to its customers.

The Group provides online platform management services which include commission income and technical service income. Commission income is recognised at a point in time when merchant transactions are completed on online e-commerce platform. The commission are generally determined as a percentage based on the value of merchandise being sold by the merchants. All merchant transactions are cleared through online payment processing service providers with credit terms of 7 days. Technical service income is recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance. Revenue is recognised for technical service based on the stage of completion of the contract using output method. The Group generally provides credit terms of 180 days (2021: 180 days) to its customers.

The Group provides online platform marketing services to customers. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance. Revenue is recognised for online platform marketing services based on the stage of completion of the contract using input method. The Group generally requires customers to provide upfront payments of entire contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract. The period of these services is generally within 1 year. Revenues recognised from these services are based on a fixed fee. The Group generally provides credit terms of 30 days (2021: 30 days) to its customers.

All services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION — *continued*

Segment information

Information reported to the chief executive officer of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group’s reportable segments under IFRS 8 are as follows:

1. Search engine marketing services — online marketing services in Singapore and Malaysia that involves the promotion of websites by increasing their visibility in search engine results pages primarily through paid advertising.
2. Creative and technology services — website development and hosting and other advertisement supporting services in Singapore and Malaysia.
3. Social media marketing services — online advertising services in Singapore and Malaysia that utilises the unique features of social media platform to deliver customised information to specific target customers.
4. Online e-commerce platform operation — technical services, commission for transaction proceeds and marketing services on the online e-commerce platform in the PRC.

For online e-commerce platform operation, the information reported to the CODM is further categorised into online platform management services and online platform marketing services which are considered as a single reportable segment by the CODM.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION — *continued*

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating and reportable segments.

For the six months ended 31 December 2022

	Search engine marketing services S\$'000 (Unaudited)	Creative and technology services S\$'000 (Unaudited)	Social media marketing services S\$'000 (Unaudited)	Online e-commerce platform operation S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
REVENUE					
External sales and segment revenue	9,219	2,354	630	11,537	23,740
RESULT					
Segment profit	1,634	1,935	180	2,982	6,731
Unallocated other income					206
Other gains					15
Selling expenses					(374)
General and administrative expenses					(4,213)
Impairment losses under ECL model, net of reversal					217
Finance costs					(130)
Profit before taxation					2,452

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION — *continued*

Segment revenue and results — *continued*

For the six months ended 31 December 2021

	Search engine marketing services S\$'000 (Unaudited)	Creative and technology services S\$'000 (Unaudited)	Social media marketing services S\$'000 (Unaudited)	Online e-commerce platform operation S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
REVENUE					
External sales and segment revenue	10,055	2,328	649	20,994	34,026
RESULT					
Segment profit	2,619	1,978	165	6,824	11,586
Other income					117
Other gains					13
Selling expenses					(1,980)
General and administrative expenses					(3,333)
Impairment losses under ECL model, net of reversal					134
Finance costs					(36)
Profit before taxation					6,501

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of general and administrative expenses, selling expenses, finance costs, other income and other gains or losses, impairment losses under ECL model, net of reversal and share of result of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for each of the reporting period.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

4. REVENUE AND SEGMENT INFORMATION — *continued*

Segment assets and liabilities

Information reported to the CODM for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

Geographical information

Revenue by geographical location

Information about the Group's revenue from external customers by geographical location, determined based on the location of services rendered are detailed below:

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Singapore (country of domicile)	11,515	12,418
Malaysia	688	614
PRC	11,537	20,994
	23,740	34,026

Non-current assets by geographical location

Information about the Group's non-current assets is presented based on the geographical location of the assets are detailed below:

	31 December	30 June
	2022 S\$'000 (Unaudited)	2022 S\$'000 (Audited)
Singapore (country of domicile)	3,014	10,840
Malaysia	135	167
PRC	15,896	16,616
	19,045	27,623

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the six months ended 31 December 2022 and 2021.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

5. OTHER INCOME

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Government grants	18	31
Rental income	60	60
Interest income for time deposits	59	—
Others (Note)	69	26
	206	117

Note:

Other income consisted of S\$62,000 relating to logistics income from providing the online platform management services in PRC (2021: S\$26,000).

6. OTHER GAINS

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Net exchange gain	15	13

7. FINANCE COSTS

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Interest on bank and other borrowings	66	14
Interest expense on lease liabilities	64	22
	130	36

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

8. INCOME TAX EXPENSE

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax (“CIT”)	123	485
– Malaysia income tax	287	–
– PRC enterprise income tax (“EIT”)	–	460
Overprovision from prior years	(22)	(20)
Deferred tax	–	5
	388	930

Singapore CIT is calculated at 17% of the estimated assessable profit for the six months ended 31 December 2022.

Malaysia income tax is calculated at 24% for the estimated assessable profit for the six months ended 31 December 2022.

According to the announcement of “The State Administration of Taxation on issues concerning EIT related with enhancing the Western Region Development Strategy”^{*} (國家稅務總局關於深入實施西部大開發戰略有關稅收政策問題的通知), the Group’s PRC subsidiaries were registered with the local tax authority to be eligible to the reduced EIT rate of 15% from 2011 to 2020. According to the extension announcement of “The State Administration of Taxation on extension on EIT related with enhancing the Western Region Development Strategy”^{*} (國家稅務總局關於延續西部大開發企業所得稅政策的公告), the Group’s PRC subsidiaries will be further eligible to the reduced EIT rate of 15% from 2021 to 2030. Accordingly, PRC EIT is calculated at a preferential income tax rate of 15% for the six months ended 31 December 2022.

^{*} For identification purpose only

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

8. INCOME TAX EXPENSE — *continued*

The tax charge for the Reporting Period can be reconciled to the profit before taxation per the unaudited condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Profit before taxation	2,452	6,501
Tax at Singapore CIT rate of 17%	417	1,105
Tax effect of income tax not taxable for tax purpose	114	84
Tax effect of different tax rate in foreign jurisdiction	(34)	(203)
Tax effect of expenses not deductible for tax purpose	—	(9)
Effect of tax concessions and partial tax exemption	(87)	(32)
Effect of deferred tax not recognised	—	5
Over provision from prior years	(22)	(20)
	388	930

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

9. PROFIT FOR THE PERIOD

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Directors' emoluments:		
Fees	33	33
Salaries, allowances and other benefits	996	480
Discretionary bonuses	360	—
Retirement benefit scheme contributions	13	15
	1,402	528

	Six months ended 31 December	
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Unaudited)
Other staff costs:		
Salaries, allowances and other benefits	2,122	2,942
Retirement benefit scheme contributions	150	150
	2,272	3,092
Total staff costs	3,674	3,620
Auditors' remuneration	93	196
Depreciation expenses:		
Investment property	32	32
Plant and equipment	46	46
Right-of-use assets	137	494
Amortisation of intangible assets	31	33
Impairment loss, net of reversal on trade receivables	(217)	(134)
Gross rental income from an investment property	(60)	(60)
Less: direct operating expenses incurred for investment property that generated rental income during the period	32	32
	(28)	(28)

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

10. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: nil).

11. EARNINGS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to the owners of the Company (S\$'000)	1,608	4,434
Weighted average number of ordinary shares in issue ('000)	800,000	800,000
Basic and diluted earnings per share (Singapore cents)	0.20	0.55

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of shares in issue.

Diluted earnings per share is the same as the basic earnings per share because the Group had no potential dilutive securities that are convertible into shares during both periods.

12. MOVEMENT IN PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group acquired plant and equipment at a total cost of approximately S\$37,000 (six months ended 31 December 2021: S\$31,000). There was no disposal plant and equipment during the six months ended 31 December 2022 (six months ended 31 December 2021: S\$4,000).

As at 31 December 2022, plant and equipment with carrying amount of approximately S\$217,000 (30 June 2022: S\$235,000).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

13. INTANGIBLE ASSETS

	Development			Total S\$'000
	costs S\$'000	Trademark S\$'000	Software S\$'000	
COST				
As at 1 July 2022 (Audited)	10,520	49	586	11,155
Write off	(7,692)	—	—	(7,692)
Exchange adjustments	—	(3)	(236)	(239)
As at 31 December 2022 (Unaudited)	2,828	47	350	3,225
ACCUMULATED AMORTISATION				
As at 1 July 2022 (Audited)	—	7	90	97
Amortisation	—	3	28	31
Exchange adjustments	—	—	(3)	(3)
As at 31 December 2022 (Unaudited)	—	10	115	125
CARRYING VALUES				
As at 31 December 2022 (Unaudited)	2,828	37	235	3,100

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

14. TRADE AND OTHER RECEIVABLES

	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
Current assets:		
Trade receivables	27,081	18,370
Unbilled revenue	843	790
	27,924	19,160
Less: Allowance for ECL	(1,100)	(1,716)
	26,824	17,444
Deposits	11,679	12,518
Prepayments	509	1,000
Staff loans	196	214
Other receivables	606	245
Total	39,814	31,421

The Group generally requires advance payments of certain percentage of contract sums from customers for search engine marketing services, creative and technology services and social media marketing services segments. The average credit period granted is 7 days (2021: 7 days).

The Group's trade receivables arising from commission for transaction proceeds on the online e-commerce platform operation are settled through online payment processing service providers. The credit period is 7 days (2021: 7 days).

The Group generally grants credit period of 180 days to customers of technical services on the online e-commerce platform operation.

The Group generally requires advance payments of entire contracts sums from customers from online platform marketing services segments. The average credit period granted is 30 days (2021: 30 days).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

14. TRADE AND OTHER RECEIVABLES – continued

The table below is an analysis of trade receivables and unbilled revenue, net of allowance of ECL presented based on the invoice dates as at the end of each reporting period.

	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
Unbilled revenue	843	765
Less than 30 days	5,084	11,370
31 to 60 days	4,939	1,966
61 to 90 days	3,061	2,394
Over 90 days	12,897	949
	26,824	17,444

Movement in lifetime ECL that has been recognised in accordance with simplified approach set out in IFRS9 is as follows:

	Lifetime ECL – not credit- impaired individually assessed S\$'000	Lifetime ECL – credit- impaired S\$'000	Total S\$'000
As at 1 July 2021	196	1,575	1,771
Amounts charged to profit or loss	317	10	327
Written off	–	(378)	(378)
Exchange adjustments	(2)	(2)	(4)
As at 30 June 2022 and 1 July 2022	511	1,205	1,716
Amounts charged to profit or loss	–	600	600
Written off	–	(1,216)	(1,216)
As at 31 December 2022	511	589	1,100

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

15. BANK BALANCES AND CASH

	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
Time deposits	12,000	—
Cash at bank and on hand	4,400	12,307
	16,400	12,307

16. TRADE AND OTHER PAYABLES

	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
Trade payables	21,194	17,358
Accrued expenses	560	748
Deposit received	253	246
Goods and services tax payables	116	125
Other payables	140	370
	22,263	18,847

An ageing analysis of the trade payables based on invoice date at the end of reporting period is as follows:

	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
1 to 30 days	3,467	2,892
31 to 60 days	3,497	258
61 to 90 days	1,796	—
Over 90 days	12,434	14,208
	21,194	17,358

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

17. CONTRACT LIABILITIES

The contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received consideration from the customers.

The movements in contract liabilities are as follows:

	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
At the beginning of period/year	4,976	4,779
Receipt from customers upon entering sales contracts during the period/year	10,865	25,106
Revenue recognised that was included in the contract liabilities balance at the beginning of the period/year	(4,976)	(4,779)
Revenue recognised during the period/year that was related to receipt from customers in the same period/year	(6,678)	(20,123)
Exchange adjustments	—	(7)
At end of period/year	4,187	4,976

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

18. LEASE LIABILITIES

	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
Maturity analysis:		
– Within one year	888	1,074
– Later than one year but not later than two years	52	463
– Later than two years but not later than five years	–	–
	940	1,537
Less: Unearned interest	(22)	(53)
	918	1,484
	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
Analysed as:		
Current	867	1,027
Non-current	51	457
	918	1,484

The incremental borrowing rates applies to lease liabilities range from 1.5% to 5.6% (30 June 2022: 1.5% to 5.6%).

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

19. BANK AND OTHER BORROWINGS

	31 December 2022 S\$'000 (Unaudited)	30 June 2022 S\$'000 (Audited)
Bank borrowings — Secured and guaranteed	1,784	1,852
Other borrowings — guaranteed	916	416
	2,700	2,268
Carrying amount of the above borrowings that are variable-rate and repayable:		
Within 1 year	699	338
More than one year but not exceeding two years	412	327
More than two years but not exceeding five years	226	521
More than five years	1,363	1,082
	2,700	2,268
Less: Amount due for settlement within 12 months	(699)	(338)
Amount due for settlement after 12 months	2,001	1,930

The bank borrowings are guaranteed by Ms. Teo Li Lian and Mr. Teo Kuo Liang and secured by the investment property of the Group. The personal guarantee given by Ms. Teo Li Lian and Mr. Teo Kuo Liang has been released on 11 March 2020 and replaced by a corporate guarantee given by the Company.

The Group has borrowed other borrowing of RMB5,900,000 during the Reporting Period (30 June 2022: RMB2,000,000) at interest rate within 9.42% to 11.34% (30 June 2022: within 10.71% to 11.34%) (the “Other Borrowing”).

The Other Borrowing was guaranteed by Mr. Mu Lei (“Mr. Mu”) under four guarantee agreements entered into between the respective creditors, debtors and Mr. Mu as below. Mr. Mu is an executive Director, such transactions would be constituted as connected transactions of financial assistance received by the Group under Chapter 14A of the Listing Rules. Since the Other Borrowing was on normal commercial terms or better and was not secured by the assets of the Group, and no fee will be charged by Mr. Mu for entering into the four guarantee agreements, the Other Borrowing was fully exempted from any reporting requirements under Chapter 14A of the Listing Rule.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

19. BANK AND OTHER BORROWINGS — *continued*

Guarantee agreements

	Agreement numbers	Creditors	Debtors	Agreement Date	Maximum	Guarantor
					Debt Principal (RMB)	
1	QYDDBXS020220622013825	China Resources Sztic Trust Co., Ltd	Show Times (Chongqing) Network Service Limited*	22-Jun-22	3,000,000	Mr. Mu
2	QYDDBXS020220704007295	Shenzhen Qianhai WeBank Co., Ltd	Show Times (Chongqing) Technology Co., Ltd*	04-Jul-22	5,000,000	Mr. Mu
3	QYDDBXS020221205021759	Shenzhen Qianhai WeBank Co., Ltd	Show Times (Chongqing) Network Service Limited*	05-Dec-22	5,000,000	Mr. Mu
4	QYDDBXS020221205021761	Agricultural Development Bank of China	Show Times (Chongqing) Network Service Limited*	05-Dec-22	10,000,000	Mr. Mu

The range of effective interest rates of the Group's bank borrowing at 1.58% to 1.98% for the six months ended 31 December 2022 (2.48% to 2.78% for year ended 30 June 2022).

20. AMOUNT DUE TO NON-CONTROLLING INTERESTS

The amount due to non-controlling interests is unsecured, interest bearing at 6% per annum and repayable within two years.

* for identification purposes only

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

21. SHARE CAPITAL

The authorised and issued share capital of the Company are as follows:

	Number of shares	Par value HK\$	Share capital HK\$'000
At 1 July 2021, 30 June 2022 and 31 December 2022	10,000,000,000	0.01	100,000

	Number of shares	Share capital S\$'000
Issued and fully paid: At 1 July 2021, 30 June 2022 and 31 December 2022	800,000,000	1,389

22. SHARE PREMIUM

Share premium represents the excess of share issue over the par value set off against the effect of share issuance expenses under share offer.

Management Discussion and Analysis

BUSINESS OVERVIEW AND PROSPECTS

The Group, including its subsidiaries, is primarily engaged in the field of online marketing, including search engine marketing, search engine optimisation, social media marketing, web design and development as well as online e-commerce platform operations.

With our comprehensive range of digital services and extensive market reach into the flourishing business hubs of Singapore, Malaysia and the PRC, the Group is well-positioned to further cement and grow its presence in the year ahead as the world moves into the post-pandemic landscape.

This is particularly significant in the context of the PRC, which has, as recently as December 2022, begun swiftly dismantling its strict zero-COVID-19 policy, signalling the arrival of a long-awaited move that will inject a much-anticipated boost to business sentiments and supply chains around the world.

For the six months ended 31 December 2022, the Group has steadfastly remained profitable and reported a gross profit of approximately S\$6.7 million despite the challenging global economic outlook caused by soaring inflation and interest rates, which has resulted in consumers and businesses tightening their purse strings.

This economic impact was substantially felt by our PRC subsidiary, Majestic State International Limited (the “MSIL”), which until recently had been subjected to strict COVID-19 restrictions, and which traditionally contributed the majority share of revenue to the Group.

However, as the PRC continues to ease its COVID-19 restrictions, the Group expects that MSIL will benefit from the PRC’s rebound and recover substantially in the coming year ahead.

In the case of our Singapore subsidiary, Activa Media Pte Ltd (the “AMPL”), revenue for its search engine marketing services moderately declined, as businesses partly turned their interest towards new emerging advertising platforms.

To cater to changing tastes and stay ahead of the curve, AMPL quickly channelled efforts to build-up expertise and resources in new emerging advertising platforms, and has started offering this service to interested clients. We expect this trend to continue as new emerging advertising platforms continues to rise in popularity among businesses and young audiences alike, and we expect AMPL to be able to leverage upon this new trend moving forward.

Management Discussion and Analysis

The Group also continues its search for a new information technology service provider to strengthen our technological infrastructure, such as the development of Platform A and Platform B (as defined in the prospectus of the Company dated 13 June 2019) (the “Prospectus”). The Group looks forward to a suitable and reliable provider being found in due time, with that coming along exciting developments and more diversified service offerings to come.

The Group expresses its gratitude to its shareholders, staff and business partners for their continued trust and support, as it looks forward to the year ahead with opportunities for recovery and growth.

FINANCIAL REVIEW

Revenue

We derived our revenue from online marketing services consisting of: (i) search engine marketing services; (ii) creative and technology services; (iii) social media marketing services; (iv) online e-commerce platform operation.

The following table sets forth the revenue breakdown by the four segments of the revenue for the six months end indicated:

	For the six months ended 31 December					
	2022		2021		Variance	
	\$'000	%	\$'000	%	S\$'000	%
Search engine marketing services	9,219	38.8	10,055	29.6	(836)	-8.3
Creative and technology services	2,354	9.9	2,328	6.8	26	+1.1
Social media marketing services	630	2.7	649	1.9	(19)	-2.9
Online e-commerce platform operation	11,537	48.6	20,994	61.7	(9,457)	-45.0
	23,740	100.0	34,026	100.0	(10,286)	-30.2

Overall, the total revenue of the Group decreased by around 30.2% from approximately S\$34.0 million for the six months ended 31 December 2021 to approximately S\$23.7 million for the Reporting Period. Such decrease was mainly due to the Company’s subsidiary in the PRC — MSIL experiencing a decline in revenue, as a result of strict COVID-19 policies and dampened business sentiments in the PRC.

Management Discussion and Analysis

Revenue from search engine marketing services also decreased by approximately 8.3%, from S\$10.1 million for the six months ended 31 December 2021 to approximately S\$9.2 million for the Reporting Period, mainly due to the customers partly turned their interest towards new emerging advertising platforms.

Revenue from creative and technology services slightly increased by approximately 1.1%, S\$2.3 million for the six months ended 31 December 2021 and the Reporting Period was mainly due to more services on search engine optimization was provided during the Reporting Period.

Revenue from online e-commerce platform operation decreased by around 45% from approximately S\$21.0 million for the six months ended 31 December 2021 to approximately S\$11.5 million, mainly due to the MSIL recently had been subjected to strict COVID-19 restrictions during the Reporting Period.

Cost of services

The overall cost of services decreased from approximately S\$22.4 million in the six months ended 31 December 2021 to approximately S\$17.0 million in the six months ended 31 December 2022. The decrease in overall cost of services align with the overall decrease in revenue.

Other income

Other income consisted of (i) government grants of S\$6,800 provided by Singapore Government when employees go for reservist training; PRC government grant of S\$10,000 to award on declaring intellectual property rights and subsidies relating to, among others, Chongqing Software and Information Service Industry “Starry Sky” Action Plan (2022–2025) 《重慶市軟件和信息服務業「滿天星」行動計劃(2022–2025年)》 and Stable Job Subsidy 《穩定就業資助》; (ii) rental income of S\$60,000; (iii) interest income for time deposit of S\$59,000; and (iv) other income of S\$62,000 mainly consisted of logistics income from providing the online platform management services in the PRC.

Other gains

Our other gains consisted of net exchange gains arising (i) from our subsidiaries in Malaysia and the PRC; and (ii) the net proceeds received from the share offer, which were denominated in Hong Kong dollars. The fluctuations of our other gains were primarily arouse from movements in Hong Kong dollars and Singapore dollars exchange rates. During the Reporting Period, the Group did not experience any significant difficulty or impact on its operations or liquidity due to fluctuations in currency exchange rates. The management will continue to monitor the foreign exchange exposure and take prudent measures to reduce foreign exchange risks.

Management Discussion and Analysis

Selling expenses

The Group's selling expenses decreased by around 81% from approximately S\$1.98 million for the six months ended 31 December 2021 to approximately S\$0.37 million for the Reporting Period. The selling expenses mainly consisted of sales staff costs, sales commission and marketing-related expenses like advertising. The decrease in selling expenses for the period was mainly due to the decrease in marketing-related expenses of MSIL from approximately S\$1.42 million in the six months ended 31 December 2021 to approximately S\$570 in the six months ended 31 December 2022.

General and administrative expenses

Our general and administrative expenses primarily consisted of staff costs, depreciation, rental expenses, entertainment expenses, office expenses and travelling expenses. Our general and administrative expenses increased from approximately S\$3.3 million in the six months ended 31 December 2021 to approximately S\$4.2 million in the six months ended 31 December 2022.

The increase in general and administrative expenses was mainly due to the increase in executive Directors' remuneration package from approximately S\$0.40 million in the six months ended 31 December 2021 to approximately S\$1.32 million (consisted of S\$0.96 million of remuneration and S\$0.36 million of discretionary bonuses) in the six months ended 31 December 2022.

Finance cost

Finance costs increased by around 261% from approximately S\$36,000 for the six months ended 31 December 2021 to approximately S\$130,000 for the Reporting Period. This item comprised interest expenses on bank borrowing and finance cost incurred on right-of-use assets. The increase was mainly due to higher finance cost from right-of-use assets in PRC and loan interest in PRC. The effective interest rate on bank borrowing in the Reporting Period and the six months ended 31 December 2021 was at the range from 1.38% to 2.78% per annum.

Income tax expense

Our income tax expense primarily consisted of provision for Singapore, Malaysia and PRC current income tax expense. The Group's income tax expense decreased from approximately S\$930,000 in the six months ended 31 December 2021 to approximately S\$388,000 in the six months ended 31 December 2022. The decrease was mainly due to the PRC subsidiary, MSIL's net profit before taxation from approximately S\$3.5 million for the six months ended 31 December 2021 to approximately profit of S\$1.9 million for the Reporting Period.

Management Discussion and Analysis

Profit for the period

The Group reported a 62.5% decreased in profit to approximately S\$2.1 million profit for the Reporting Period (for the six months ended 31 December 2021: S\$5.6 million), which mainly due to the profit of the Company's subsidiary, MSIL is affected by the ongoing pandemic.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 31 December 2021: Nil).

FINANCIAL POSITIONS

As at 31 December 2022, our total equity is relatively stable at approximately S\$43.1 million as compared to approximately S\$42.3 million as at 30 June 2022.

As at 31 December 2022, our net current assets were approximately S\$26.7 million as compared to approximately S\$17.7 million as at 30 June 2022. The increase was mainly due to increase in trade and other receivables of approximately S\$39.8 million as at 31 December 2022, compared to approximately S\$31.4 million as at 30 June 2022.

LIQUIDITY AND CAPITAL RESOURCES

We principally financed our working capital and other liquidity requirements through a combination of cash flow from operations and advance payments received from our clients. Our principal uses of cash have been, and are expected to continue to be, operational costs, repayments of bank borrowings and business expansion in Singapore, Malaysia and PRC.

Borrowings

Our bank borrowings of approximately S\$1.8 million as at 31 December 2022 were secured against investment property of the Group and guarantee given by the Company. As at 31 December 2022, all of the bank borrowings were denominated in Singapore dollars (30 June 2022: S\$1.9 million were denominated in Singapore dollars). Among all the bank borrowings, 7% was repayable within one year, 4% was repayable more than one year but not exceeding two years, 13% was repayable more than two years but not exceeding five years and 76% was repayable more than five years.

Charge on assets

The bank borrowings as at 31 December 2022 were secured against investment property of the Group with carrying amount of approximately S\$2.8 million as at 31 December 2022.

Management Discussion and Analysis

Material Acquisition and Disposal of Subsidiaries and Associates and Joint Ventures

The Group did not have any material acquisition and disposal of subsidiaries and associates and joint ventures during the Reporting Period.

Future Plans for Material Investments or Capital Assets and the Expected Sources of Funding

There are changes to the paragraph headed “Use of Net Proceeds from Listing”, initially the Group entered an agreement with an information technology service provider (the “Service Provider”) dated 25 April 2019 to develop the platform A, and B (as defined in the Prospectus). However, the software development progress was affected by the COVID-19, the Group has entered a settlement agreement with the Service Provider on 26 September 2022 (the “Settlement Agreement”) and both parties agreed to settle the matter amicably with a full refund of an amount of S\$7,199,070 to the Group. Please refer to the announcement of the Company dated 26 September 2022 for more details.

Save for the business plan disclosed in the Prospectus and the paragraph headed “Use of Net Proceeds from Listing” in this report, there was no other plan for material investments or capital assets as at 31 December 2022.

Gearing Ratio

The gearing ratio of the Group as at 31 December 2022 was approximately 4.1% (30 June 2022: 4.0%). The gearing ratio is calculated as total interest-bearing liabilities divided by total equity as at the respective period end. The increase was mainly due to the decrease in the Group’s equity arising from retained earnings while the Group’s total interest-bearing liabilities increased.

Foreign Exchange Exposure

The main operations of the Group are in Singapore, Malaysia and PRC. Most of the Group’s transactions and cash and cash equivalents are denominated in S\$, MYR and RMB. The Group retains the net proceeds from the share offer in Hong Kong dollars that are exposed to fluctuations in foreign exchange risks. Currently, the Group does not have any foreign currency hedging policy, but the Group’s management continuously monitors its foreign exchange exposure.

Contingent Liabilities and Guarantees

As at 31 December 2022, we did not have any unrecorded significant contingent liabilities, guarantees or any litigations against us.

Management Discussion and Analysis

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 26 June 2019 (the “Listing”). The Board, after considering the business operating environment and the development of the Group, has resolved to change the use of the unutilised net proceeds from the Listing (the “Net Proceeds”) as set out in the announcements of the Company dated 29 October 2020 and 26 September 2022. For details, please refer to the Company’s announcements dated 29 October 2020 and 26 September 2022. The Net Proceeds were approximately HK\$92 million.

For further details on utilisation of the Net Proceeds, please refer to the table below sets forth the breakdown of the intended use and the timeline for utilisation as at 31 December 2022:

	Intended use of Net Proceeds from		Revised		Amount utilised as at 30 June 2022	Amount Remaining Balance as at 30 June 2022	Amount received under the Settlement Agreement ^(Note 1)	Amount utilised during the Reporting Period	Remaining balance as at 31 December 2022	Expected timeline to use unutilised Net Proceeds
	the share offer (per Prospectus)	Approximate percentage of Net Proceeds	allocation of Unutilised Net Proceeds	Approximate percentage of Net Proceeds						
	HK\$ million	%	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Strengthening the technological infrastructure	58.2	63.3	58.2	63.3	40.65	17.55	40.65	–	58.20	Q4 2024
Acquisition of a website development and hosting company	26.2	28.5	–	–	–	–	–	–	–	–
Establishment of a sales office in Johor Bahru, Malaysia	5.3	5.7	–	–	–	–	–	–	–	–
Working capital	2.3	2.5	2.3	2.5	2.30	–	–	–	–	–
Acquisition of additional interest in an associated company	–	–	31.5	34.2	31.50	–	–	–	–	–
	92.0	100.0	92.0	100.0	74.45	17.55	40.65	–	58.20	

Note 1: As set out in the announcement dated 26 September 2022, the sum of S\$7,199,070 (approximately HKD40.65 million) are refunded by the Service Provider.

Management Discussion and Analysis

The Board is still of the view that developing and strengthening the technological infrastructure is critical to the Group's future development as paying efforts in this direction will enable the business of the Group be more scalable and will extend the Group's lead in this rapidly evolving online marketing industry. Since the Company expects to take some time to locate a suitable replacement vendor, the Group intends to allocate the fund generally for the purpose of strengthening the technological infrastructure at this stage.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 93 (30 June 2022: 125) employees and our employee remuneration for the Reporting Period totalled approximately S\$3.7 million (including salary, bonus, and other employee benefits). The amount was approximately S\$8.5 million for the year ended 30 June 2022. The decrease in number of employees, mainly due to MSIL has stabilised in their business processes and not required more manpower compared to when the MSIL initial started up. The remuneration of our employees is determined based on their performance, experience, competence and market comparable. Their remuneration package includes salaries, bonus related to their performance, allowances and retirement benefit schemes for employees in Singapore, Malaysia and the PRC. The Group also provides customised training to its staff to enhance their technical and product knowledge.

The remuneration of Directors and members of senior management is determined based on the basis of each individual's responsibilities, qualification, position, experience, performance, seniority and time devoted to our business. They receive compensation in the form of salaries, bonuses, and other allowances and benefits-in-kind, including the Company's contribution to their retirement benefit schemes on their behalf.

Furthermore, the Company has adopted a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible persons for their contributions to the Group. As no share option has been granted by the Company under the Scheme since the Listing, there was no share option outstanding as at 31 December 2022 and no option was exercised or cancelled or lapsed during the Reporting Period.

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 2022, the interests and short positions of each Director and the 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 Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Long positions in the shares of the Company (the "Shares")

Name of Directors	Capacity/nature of interests	Number of Shares held	Approximate percentage of the issued share capital ^(Note 3)	
			Total	
Ms. Teo Li Lian ("Ms. Teo")	Interest in controlled corporation ^(Note 1)	408,000,000		
	Interest held by spouse ^(Note 2)	4,615,000	412,615,000	51.58%
Mr. Teo Kuo Liang ("Mr. Teo")	Interest in controlled corporation ^(Note 1)	408,000,000	408,000,000	51.00%
Ms. Zhang Hong	Beneficial interest	1,425,000	1,425,000	0.18%

Notes:

- (1) Activa Media Investment Limited (the "Activa Media Investment") is beneficially owned 50% by Ms. Teo and Mr. Teo respectively. Under the SFO, each of Ms. Teo and Mr. Teo is deemed to be interested in all the Shares held by Activa Media Investment. Details of the interests in the Company held by Activa Media Investment are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company" below.
- (2) Mr. Sim Hak Chor ("Mr. Sim"), spouse of Ms. Teo, held 4,615,000 Shares through Centrex Treasure Holdings Limited ("Centrex") and therefore, Ms. Teo is deemed to be interest in the 4,615,000 Shares held by Mr. Sim through Centrex pursuant to the SFO.
- (3) The percentage of shareholding interest in the Company shown in the table above is calculated on the basis of 800,000,000 Shares in issue as at 31 December 2022.

Corporate Governance and Other Information

Long positions in ordinary shares of an associated corporation

Name of associated corporation	Name of Directors	Capacity/nature of interests	Number of shares held	Percentage of issued share capital
Activa Media Investment ^(Note)	Ms. Teo	Beneficial owner	4	50%
Activa Media Investment ^(Note)	Mr. Teo	Beneficial owner	4	50%

Note: Activa Media Investment is beneficially owned 50% by Ms. Teo and Mr. Teo respectively.

Save as disclosed above, as at 31 December 2022, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2022, the following corporation/person (other than a Director or the chief executive of the Company) had interests or short positions in the Shares as recorded in the register required to be kept under section 336 of the SFO as follows:

Long positions in the Shares

Name of Shareholders	Capacity/nature of interests	Number of Shares held	Total	Approximate percentage of the issued share capital ^(Note 4)
Activa Media Investment	Beneficial interest ^(Note 1)	408,000,000	408,000,000	51.00%
Mr. Sim	Interest in controlled corporation ^(Note 2)	4,615,000		
	Interest held by spouse ^(Note 3)	408,000,000	412,615,000	51.58%

Corporate Governance and Other Information

Notes:

- (1) Activa Media Investment is beneficially owned 50% by Ms. Teo and Mr. Teo respectively. Under the SFO, each of Ms. Teo and Mr. Teo is deemed to be interested in the 408,000,000 Shares held by Activa Media Investment.
- (2) Centrex is beneficially owned 94.89% by Mr. Sim. Under the SFO, Mr. Sim is deemed to be interested in the 4,615,000 Shares held by Centrex.
- (3) Ms. Teo, spouse of Mr. Sim, held 408,000,000 Shares through Activa Media Investment and therefore, Mr. Sim is deemed to be interest in the 408,000,000 Shares held by Ms. Teo though Activa Media Investment pursuant to the SFO.
- (4) The percentage of shareholding interest in the Company shown in the table above is calculated on the basis of 800,000,000 Shares in issue as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, no other corporation/person (other than a Director or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

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

During the Reporting Period, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "Shareholders") and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "CG Code") as its own code of corporate governance and complied with all applicable code provisions of the CG Code during the Reporting Period except disclosed as follows:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Teo currently holds both positions. Throughout the Group's history, Ms. Teo has held key leadership position of the Group and has been responsible for overall strategic planning, sales and marketing, management and operation of the Group. In order to achieve effective strategic planning and to monitor the implementation of such plans, the Board (including the

Corporate Governance and Other Information

independent non-executive Directors (the “INEDs”)) considers that Ms. Teo is the best candidate for both positions and the present arrangements are beneficial to and in the interests of the Group and the Shareholders as a whole. Mr. Mu Lei (“Mr. Mu”), an executive Director, has been appointed as a co-chairman of the Board with effect from 20 January 2022 alongside with Ms. Teo. Mr. Mu will continue to focus on providing strategies and insights on the expansion of the business of the Group in the PRC. With the appointment of Mr. Mu and as all major decisions are made in consultation with all the members of the Board, including the INEDs offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the code provisions of the CG Code and maintaining a high standard of corporate governance of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established the audit committee (the “Audit Committee”) with written terms of reference in compliance with the CG Code. As at the date of this report, the Audit Committee consists of three INEDs, namely Mr. Lim Wee Pin, Ms. Zhang Hong and Mr. Lee Shy Tsong. Mr. Lim Wee Pin is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group’s financial report system, risk management and internal control systems, provide advice and comments to the Board, and monitor the independence and objectivity of the external auditor.

Corporate Governance and Other Information

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2022, including the applicable accounting policies and accounting standards adopted by the Group, and considers that such statements have been prepared in compliance with the applicable Listing Rules.

UPDATE ON THE DIRECTORS' INFORMATION UNDER RULE 13.51(B)(1) OF THE LISTING RULES

Pursuant to Rule 13.51(B)(1) of the Listing Rules, changes in Director's information since the date of 2022 annual report of the Company and up to the date of this report are set out below:

Mr. Lim Wee Pin was appointed and Mr. Chung Kwok Hoe was retired as an INED, the chairman of each of the Board's Audit Committee and the nomination committee, as well as a member of the Board's remuneration committee with effect from 29 November 2022 respectively.

For details, please refer to the announcements titled "Appointment of an Independent Non-Executive Director and Change in the Composition of Board Committees" dated 29 November 2022 and "Retirement of Independent Non-Executive Director and Cessation of Offices in Board Committees" dated 27 October 2022.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our Shareholders, business partners and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all my fellow Directors, the management and staff for their hard work and dedication throughout the Reporting Period.

By order of the Board

AM Group Holdings Limited

Teo Li Lian

Co-Chairlady, Executive Director and Chief Executive Officer

Hong Kong, 27 February 2023