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## **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)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022**

### **FINANCIAL HIGHLIGHTS**

#### **Revenue**

Total revenue decreased by approximately 11.4% from S\$54.4 million for the year ended 30 June 2021 to S\$48.2 million for the year ended 30 June 2022. The decrease was mainly due to the revenue from the subsidiary, Majestic State International Limited (“MSIL”) which contributes an amount of approximately S\$23.7 million for the year ended 30 June 2022 (S\$31.1 million for the year ended 30 June 2021).

#### **Gross Profit Margin**

Total gross profit margin decreased slightly by approximately 0.6% from 32.9% for the year ended 30 June 2021 to 32.3% for the year ended 30 June 2022 was mainly because the decrease in revenue outweighed the decrease in cost of services.

#### **Profit Attributable to Equity Shareholders**

Profit attributable to equity shareholders of the Company for the year ended 30 June 2022 amounted to approximately S\$1.1 million, representing a decrease of about 85.7% as compared to that of approximately S\$7.7 million for the corresponding year of 2021. It was mainly due to the profit from MSIL decreased by approximately 78.3% from S\$8.3 million for the year ended 30 June 2021 to the profit amount of S\$1.8 million for the year ended 30 June 2022.

#### **Final Dividend**

The Board does not recommend the payment of final dividend for the year ended 30 June 2022 (FY2021: nil).

## ANNUAL RESULTS

The board of directors of AM Group Holdings Limited (the “Company”, the “Directors” and the “Board”, respectively) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, “we”, “us”, “our” or the “Group”) for the year ended 30 June 2022 (“FY2022” or the “Year”) (the “Annual Results”) together with the comparative information for the year ended 30 June 2021 (“FY2021”).

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the financial year ended 30 June 2022*

	<i>Note</i>	<b>2022</b> <i>S\$'000</i>	2021 <i>S\$'000</i>
<b>Revenue</b>	<i>3</i>	<b>48,218</b>	54,437
Cost of services		<u>(32,666)</u>	<u>(36,528)</u>
<b>Gross profit</b>		<b>15,552</b>	17,909
Other income	<i>4</i>	<b>345</b>	1,440
Other (losses) or gains, net	<i>5</i>	<b>(30)</b>	1,853
Selling expenses		<b>(3,371)</b>	(3,038)
General and administrative expenses		<b>(7,433)</b>	(6,552)
Impairment losses under the expected credit loss model, net of reversal		<b>(327)</b>	(1,165)
Share of result of an associate		<b>—</b>	664
Impairment loss on goodwill		<b>(1,871)</b>	—
Finance costs	<i>6</i>	<u><b>(136)</b></u>	<u>(67)</u>
Profit before taxation		<b>2,729</b>	11,044
Income tax expense	<i>7</i>	<u><b>(828)</b></u>	<u>(1,624)</u>
<b>Profit for the year</b>	<i>8</i>	<b>1,901</b>	9,420
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of a foreign operation		<u><b>(65)</b></u>	<u>612</u>
<b>Total comprehensive income for the year</b>		<u><b>1,836</b></u>	<u>10,032</u>

	<i>Note</i>	<b>2022</b> <i>S\$'000</i>	2021 <i>S\$'000</i>
<b>Profit Attributable to:</b>			
Owners of the Company		<b>1,103</b>	7,732
Non-controlling interests		<b>798</b>	1,688
		<u><b>1,901</b></u>	<u>9,420</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>1,047</b>	8,297
Non-controlling interests		<b>789</b>	1,735
		<u><b>1,836</b></u>	<u>10,032</u>
<b>Earnings per share (in Singapore cents)</b>			
Basic and diluted	<i>10</i>	<u><b>0.1</b></u>	<u>1.0</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	<b>2022</b> <i>S\$'000</i>	2021 <i>S\$'000</i>
<b>Non-current assets</b>			
Plant and equipment		235	278
Right-of-use assets		1,475	1,396
Investment property		2,869	2,830
Goodwill		11,986	13,853
Intangible assets	<i>11</i>	11,058	8,295
Deposit paid for development of technological infrastructure		—	2,858
		<u>27,623</u>	<u>29,510</u>
<b>Current assets</b>			
Trade and other receivables	<i>12</i>	31,421	23,096
Bank balances and cash		12,307	14,281
		<u>43,728</u>	<u>37,377</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	18,847	15,570
Contract liabilities		4,976	4,779
Lease liabilities		1,027	741
Bank and other borrowings		338	134
Income tax payable		821	2,065
		<u>26,009</u>	<u>23,289</u>
<b>Net current assets</b>		<u>17,719</u>	<u>14,088</u>
<b>Total assets less current liabilities</b>		<u>45,342</u>	<u>43,598</u>
<b>Non-current liabilities</b>			
Amount due to non-controlling interests		605	571
Lease liabilities		457	665
Bank and other borrowings		1,930	1,852
Deferred tax liabilities		4	—
		<u>2,996</u>	<u>3,088</u>
<b>Net assets</b>		<u>42,346</u>	<u>40,510</u>

	<i>Note</i>	<b>2022</b> <i>S\$'000</i>	2021 <i>S\$'000</i>
<b>Capital and reserves</b>			
Share capital		<b>1,389</b>	1,389
Share premium		<b>19,366</b>	19,366
Reserves		<b>15,863</b>	14,816
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>36,618</b>	35,571
Non-controlling interests		<b>5,728</b>	4,939
		<hr/>	<hr/>
<b>Total equity</b>		<b>42,346</b>	40,510
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 June 2022*

### 1. GENERAL

The Company was incorporated and registered as an exempted company in Cayman Islands with limited liability on 7 December 2017. The registered office of the Company is at Cricket Square, Hutchins Drive, PO 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”) with effect from 26 June 2019.

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

The Company is an investment holding company and the Group is principally engaged in the provision of online marketing services and operation of online e-commerce platform.

The consolidated financial statements are presented in Singapore dollars (“S\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (“S\$’000”), except when otherwise indicated.

The consolidated financial statements are approved by the Board on 30 September 2022.

### 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

#### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform — Phase 2
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years; and/or on the disclosures set out in these consolidated financial statements.

#### **New and amendments to IFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
IFRS 17	Insurance Contracts <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors expect that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE AND SEGMENT INFORMATION

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

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Search engine marketing services	19,510	19,311
Creative and technology services	3,671	2,462
Social media marketing services	1,327	1,577
Online platform management services	23,697	29,471
Online platform marketing services	13	1,616
	<u>48,218</u>	<u>54,437</u>
	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
<b>Timing of revenue recognition:</b>		
Over time:		
— Search engine marketing services	19,510	19,311
— Social media marketing services	1,327	1,577
— Online platform management services	9,700	15,972
— Online platform marketing services	13	1,616
	<u>30,550</u>	<u>38,476</u>
At point in time:		
— Creative and technology services	3,671	2,462
— Online platform management services	13,997	13,499
	<u>17,668</u>	<u>15,961</u>
Total revenue	<u>48,218</u>	<u>54,437</u>

#### 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.

### Segment revenue and results

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

#### Year ended 30 June 2022

	Search engine marketing services <i>S\$'000</i>	Creative and technology service <i>S\$'000</i>	Social media marketing services <i>S\$'000</i>	Online e-commerce platform operation <i>S\$'000</i>	Total <i>S\$'000</i>
<b>REVENUE</b>					
External sales and segment revenue	<u>19,510</u>	<u>3,671</u>	<u>1,327</u>	<u>23,710</u>	<u>48,218</u>
<b>RESULTS</b>					
Segment profit	<u>4,668</u>	<u>2,961</u>	<u>393</u>	<u>7,530</u>	<u>15,552</u>
Other income					345
Other losses or gains, net					(30)
Selling expenses					(3,371)
General and administrative expenses					(7,433)
Impairment losses under expected credit loss ("ECL") model, net of reversal					(327)
Impairment loss on goodwill					(1,871)
Finance costs					<u>(136)</u>
Profit before taxation					<u>2,729</u>

Year ended 30 June 2021

	Search engine marketing services <i>S\$'000</i>	Creative and technology service <i>S\$'000</i>	Social media marketing services <i>S\$'000</i>	Online e-commerce platform operation <i>S\$'000</i>	Total <i>S\$'000</i>
<b>REVENUE</b>					
External sales and segment revenue	<u>19,311</u>	<u>2,462</u>	<u>1,577</u>	<u>31,087</u>	<u>54,437</u>
<b>RESULTS</b>					
Segment profit	<u>3,694</u>	<u>1,643</u>	<u>528</u>	<u>12,044</u>	17,909
Other income					1,440
Other gains or losses, net					1,853
Selling expenses					(3,038)
General and administrative expenses					(6,552)
Impairment losses under ECL model, net of reversal					(1,165)
Share of results of associate					664
Finance costs					<u>(67)</u>
Profit before taxation					<u>11,044</u>

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, other gains or losses, impairment losses under ECL model, net of reversal, impairment loss on goodwill and share of result of an associate. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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

#### **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:

	<b>2022</b> <i>S\$'000</i>	2021 <i>S\$'000</i>
Singapore (country of domicile)	<b>23,190</b>	21,896
Malaysia	<b>1,318</b>	1,454
China	<b>23,710</b>	31,087
	<b>48,218</b>	54,437

### *Non-current assets by geographical location*

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	<b>2022</b> <i>S\$'000</i>	2021 <i>S\$'000</i>
Singapore (country of domicile)	<b>10,840</b>	11,046
Malaysia	<b>167</b>	221
China	<b>16,616</b>	18,243
	<b>27,623</b>	29,510

### *Information about major customers*

No single customer contributes over 10% or more of total revenue of the Group during the years ended 30 June 2022 and 2021.

#### 4. OTHER INCOME

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Government grants ( <i>Note</i> )	70	1,147
Rental income	121	60
Interest income	—	13
Others	154	220
	<u>345</u>	<u>1,440</u>

*Note:* Included in government grants during the year ended 30 June 2022 were mainly grant provided by Singapore Government under Jobs Growth Incentive (JGI) to support employers to expand local hiring between September 2020 to March 2023 amounting to S\$28,000 (2021: S\$21,000) and Enterprise Singapore business grant to support payment for payroll system S\$13,000 (2021: nil).

#### 5. OTHER LOSSES OR GAINS, NET

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Net exchange (losses) or gains	(30)	420
Fair value loss on contingent consideration	—	(20)
Fair value gain on step acquisition of a subsidiary	—	1,453
	<u>(30)</u>	<u>1,853</u>

#### 6. FINANCE COSTS

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Interest on bank and other borrowings	29	40
Interest expense on lease liabilities	62	27
Interest on amount due to non-controlling interests	45	—
	<u>136</u>	<u>67</u>

## 7. INCOME TAX EXPENSE

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Tax expense comprises:		
Current tax:		
— Singapore corporate income tax (“CIT”)	509	—
— Malaysia income tax	21	36
— PRC enterprise income tax (“EIT”)	338	1,469
(Over)/under provision from prior years	(44)	75
Deferred tax	4	44
	<u>828</u>	<u>1,624</u>

Singapore CIT is calculated at 17% of the estimated assessable profit for the year ended 30 June 2022. No provision for Singapore CIT has been made as no assessable profit arises in, nor is derived from, Singapore during the year ended 30 June 2021.

Malaysia corporate tax is calculated at 24% of the estimated assessable profit for the year ended 30 June 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 year ended 30 June 2022.

\* *for identification purposes only.*

## 8. PROFIT FOR THE YEAR

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' emolument		
Fees	192	75
Salaries, allowances and other benefits	1,233	971
Discretionary bonuses	1,000	1,200
Retirement benefit scheme contributions	39	36
	<u>2,464</u>	<u>2,282</u>
Other staff costs:		
Salaries, allowances and other benefits	5,872	4,703
Retirement benefits scheme contributions	206	453
	<u>6,078</u>	<u>5,156</u>
Total staff costs	<u>8,542</u>	<u>7,438</u>
Auditors' remuneration	170	226
Online e-commerce platform license fee (included in cost of services)	7,108	8,861
Depreciation expenses:		
Investment property	63	63
Plant and equipment	88	110
Right-of-use assets	1,008	582
Loss on written off of plant and equipment	—	4
Amortisation of intangible assets	65	32
Impairment loss on trade receivables, net of reversal	327	1,165
Reversal of impairment loss on investment property	(102)	(143)
Gross rental income from an investment property	(121)	(60)
Less: direct operating expenses incurred for investment property that generated rental income during the year	<u>63</u>	<u>63</u>
	<u>(58)</u>	<u>3</u>

## 9. DIVIDENDS

No dividends were paid or proposed during the years ended 30 June 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

## 10. EARNINGS PER SHARE

	2022	2021
Profit attributable to the owners of the Company ( <i>S\$'000</i> )	1,103	7,732
Weighted average number of ordinary shares in issue ( <i>'000</i> )	800,000	800,000
Basic and diluted earnings per share ( <i>Singapore cents</i> )	<u>0.1</u>	<u>1.0</u>

The calculation of basic earnings per share is based on the profit for the year 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 were convertible into shares during the years ended 30 June 2022 and 2021.

## 11. INTANGIBLE ASSETS

The development costs were incurred in relation to development works performed by an information technology service provider in the People's Republic of China (the "Service Provider") for the development of platforms for strengthening the technology infrastructure of the Group. The addition of the development costs was approximately S\$3,273,000 during the year.

On 26 September 2022, the refund amount of approximately S\$7,692,000 have been refunded to the Group, which results in the derecognition of the intangible assets subsequent to the end of the reporting period. Details of the refund as disclosed in the "Subsequent Event" section of the Management Discussion and Analysis.

## 12. TRADE AND OTHER RECEIVABLES

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Trade receivables	18,370	17,121
Unbilled revenue	<u>790</u>	<u>828</u>
	19,160	17,949
Less: Allowance for ECL	<u>(1,716)</u>	<u>(1,771)</u>
	<u><u>17,444</u></u>	<u><u>16,178</u></u>
Deposits	12,518	4,209
Prepayments	1,000	2,223
Staff loans	214	255
Other receivables	<u>245</u>	<u>231</u>
Total	<u><u>31,421</u></u>	<u><u>23,096</u></u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade receivables that are not impaired have good credit quality. The Group does not hold any collateral over these balances.

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

	2022 <i>S\$'000</i>	2021 <i>S\$'000</i>
Unbilled revenue	765	793
Less than 30 days	11,370	4,014
31 to 60 days	1,966	4,601
61 to 90 days	2,394	4,257
Over 90 days	<u>949</u>	<u>2,513</u>
	<u><u>17,444</u></u>	<u><u>16,178</u></u>

In determining the recoverability of trade receivables, the Group considers any changes in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. In the opinion of the directors of the Group, apart from those balances from which allowances have been provided, other trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group, receivables at the end of each reporting period, the management believes that no further impairment allowance is necessary in respect of unsettled balances.



As part of the Group's credit risk management, the Group assesses the impairment for its debtors based on different groups of debtors which share common risk characteristics that are representative of the debtors' abilities to pay all amounts due in accordance with the contractual terms. The directors consider that the ECL for other receivables are insignificant as at 30 June 2022 and 2021.

### 13. TRADE AND OTHER PAYABLES

	<b>2022</b>	2021
	<i>S\$'000</i>	<i>S\$'000</i>
Trade payables	<b>17,358</b>	12,803
Accrued expenses	<b>748</b>	1,989
Deposits received	<b>246</b>	246
Goods and services tax payables	<b>125</b>	401
Other payables	<b>370</b>	131
	<u><b>18,847</b></u>	<u>15,570</u>

The aging analysis of the trade payables based on invoice date at the end of reporting periods are as follows:

	<b>2022</b>	2021
	<i>S\$'000</i>	<i>S\$'000</i>
1 to 30 days	<b>2,892</b>	5,085
31 to 60 days	<b>258</b>	4,862
61 to 90 days	—	2,824
91 to 120 days	<b>14,208</b>	32
	<u><b>17,358</b></u>	<u>12,803</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Introduction**

The Group is principally engaged in the provision of search engine marketing services, social media marketing services, creative and technology services as well as online e-commerce platform in Singapore, Malaysia and China.

### **Business Overview and Prospects**

Since our establishment in 2005 as one of the earliest players in the field, our service offerings and client base have expanded significantly, allowing us to become one of the market leaders in Singapore and garnering many industry awards and partnerships along the way.

The Group is now primarily engaged in the field of online marketing, including search engine marketing, search engine optimisation, social media marketing, web design and development, web hosting, as well as e-commerce and mobile video streaming services.

Our services are also based in well-connected, prime business hubs in Asia — Singapore, Malaysia and the People’s Republic of China (“PRC”); providing the Group with untapped potential to expand into, and a favourable environment to nurture its growth in.

Like most industries, the Group had been affected by COVID-19 sweeping across the world in the last two years, as well as supply chain disruptions and soaring global inflation caused by the Ukrainian crisis; and yet, we have remained steadfastly profitable in spite of all the challenges faced.

This, we believe, is a strong testament to the quality of the Group’s foundations, operations, leadership and foresight; which we will continue to leverage on as we navigate the year ahead.

### **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; and (iv) online e-commerce platform operation.

The following table sets forth the revenue breakdown by the four segments of the revenue for the Year and FY2021 indicated:

	2022		2021		Variance	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Search engine marketing services	19,510	40.5	19,311	35.5	199	+1.0
Creative and technology services	3,671	7.6	2,462	4.5	1,209	+49.1
Social media marketing services	1,327	2.8	1,577	2.9	(250)	-15.8%
Online e-commerce platform operation	23,710	49.1	31,087	57.1	(7,377)	-23.7%
	<u>48,218</u>	<u>100.0</u>	<u>54,437</u>	<u>100.0</u>	<u>(6,219)</u>	<u>-11.4%</u>

Overall, the total revenue of the Group decreased by around 11.4% from approximately S\$54.4 million for the year ended 30 June 2021 to approximately S\$48.2 million for the year ended 30 June 2022. Such decrease was mainly due to a decreased revenue amounting to S\$7.4 million from online e-commerce platform operation from the MSIL and its subsidiaries (the “MSIL Group”) for the Year.

Revenue from the search engine marketing segment remained stable, increased slightly by approximately 1.0% from S\$19.3 million for the year ended 30 June 2021 to S\$19.5 million for the year ended 30 June 2022. Revenue from the creative and technology services increased by approximately 49.1% from S\$2.5 million to S\$3.7 million, mainly due to the revenue on search engine optimisation has been resumed after the outbreak of novel coronavirus disease 2019 (the “COVID-19”) in Singapore and Malaysia and there was a special commission incentive for sales persons who promoting this revenue during the Year.

However, the revenue from the online e-commerce platform operation from MSIL Group decreased by approximately 23.7% from S\$31.1 million for FY2021 to S\$23.7 million for FY2022, caused by the impact of the COVID-19 in China.

Revenue from social media marketing services decreased by approximately 15.8% from S\$1.6 million for the year ended 30 June 2021 to S\$1.3 million for the year ended 30 June 2022 evidencing that there is a change in clients’ preferences for advertising from Facebook to search engine optimisation.

### ***Cost of services***

Our cost of services decreased 10.6% from approximately S\$36.5 million for the year ended 30 June 2021 to approximately S\$32.7 million for the year ended 30 June 2022. The decrease in cost of services was in line with the decrease of revenue for the Year.

### ***Other income***

Other income consisted of (i) government grants amounted to S\$28,000 received from the Singapore Government under the Jobs Growth Incentive (JGI) scheme that provides wage support to employers to expand local hiring between September 2020 to March 2023 and support payment for payroll system; (ii) rental income; and (iii) other income — mainly consisted of approximately S\$45,000 from MSIL for providing delivery management service for a supply chain company.

### ***Other losses or gains, net***

Our other losses consisted of net exchange losses arising from our subsidiary in Malaysia. The fluctuations of our other losses or gains were primarily aroused from movements in Hong Kong dollars and Singapore dollar exchange rates. During the FY2022, 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.

### ***Selling expenses***

Our selling expenses primarily consisted of staff costs, sales commission for our sales personnel, and marketing-related expenses directly related to our sales and marketing activities. The Group's selling expenses were approximately S\$3.4 million in FY2022 and S\$3.0 million in FY2021, representing approximately 7.0% (FY2021: 5.6%) of the Group's total revenue. The increase was mainly driven by the selling expenses from the MSIL which accounted for an amount of S\$2.5 million selling expenses, mainly due to the salary of sales personnel of S\$2.4 million. (FY2021: S\$1.2 million for the period from December 2020 to June 2021).

### ***General and administrative expenses***

Our general and administrative expenses primarily consisted of staff costs, depreciation, rental expenses, entertainment expenses and office expenses. Our general and administrative expenses increased from approximately S\$6.6 million in FY2021 to S\$7.4 million in FY2022.

Such increase was mainly due to higher staff costs of S\$6.1 million in FY2022 (FY2021: S\$5.2 million).

### ***Impairment loss on goodwill***

Our impairment loss on goodwill recognised in FY2022 was approximately S\$1.9 million (FY2021: nil). Our impairment loss on goodwill was arising from acquisition of the MSIL Group. Due to the continuous impact of COVID-19 on the economy in China and the delay in development of technological infrastructure platforms of the Group, the market growth rate and the profitability of MSIL Group were lower than expected, and hence, the recoverable amount of goodwill of MSIL Group is impaired.

### ***Finance cost***

Our finance costs had increased from approximately S\$0.07 million in FY2021 to approximately S\$0.14 million in FY2022. The increase was mainly due to the higher finance cost from the right-of-use assets in PRC and interest from amount due to non-controlling interests. The effective interest rate on the bank borrowings in FY2022 and FY2021 was at the range from 1.38% to 2.78%.

### ***Income tax expense***

Our income tax expenses consisted of provision for PRC, Singapore and Malaysia current income tax expense. The income tax expense decreased by approximately 50% from approximately S\$1.6 million in FY2021 to approximately S\$0.8 million in FY2022. The decrease was primarily due to the PRC subsidiary, MSIL was making a loss during the financial year.

### ***Profit for the Year***

The Group reported a 79.8% decrease in profit to approximately S\$1.9 million for the Year (FY2021: S\$9.4 million), which was related to the subsidiary, MSIL affected by the ongoing pandemic and emergence of new variants of the virus caused its profit decreased by approximately 78.3% from S\$8.3 million for the year ended 30 June 2021 to the profit amount of S\$1.8 million for the year ended 30 June 2022.

## **FINANCIAL POSITIONS**

Our total equity is relatively stable at approximately S\$40.5 million in FY2021 and S\$42.3 million in FY2022.

As at 30 June 2022, our net current assets were approximately S\$17.7 million as compared to approximately S\$14.1 million as at 30 June 2021. The increase was mainly due to the increase in trade and other receivables of approximately S\$31.4 million as at 30 June 2022, compared to approximately S\$23.1 million as at 30 June 2021.

## **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, repayment of bank borrowings and business expansion in both Singapore, Malaysia and PRC.

## **Bank Borrowings**

Our bank borrowings of approximately S\$1.9 million as of 30 June 2022 were secured against investment property of the Group and guarantee given by the Company. As of 30 June 2022, all of the bank borrowings were denominated in Singapore dollars (30 June 2021: S\$2.0 million was denominated in Singapore dollars). Among all the bank borrowings, 7% was repayable within one year, 6% was repayable more than one year but not exceeding two years, 28% was repayable more than two years but not exceeding five years and 59% was repayable more than five years.

## **Charge on Assets**

The bank borrowings as of 30 June 2022 were secured against investment property of the Group with a carrying amount of approximately S\$2.9 million as of 30 June 2022.

## **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 Year.

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

In this announcement, 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 25th April 2019 to develop the platform A and B (as defined in the prospectus of the Company dated 13 June 2019). However, the software development progress was affected by the COVID-19, the Group has entered a settlement agreement with the Service Provider, and both parties agreed to settle the matter amicably with a full refund of an amount of S\$7,199,070 to the Group.

## **Gearing Ratio**

The gearing ratio of the Group as at 30 June 2022 was approximately 4.0% (30 June 2021: 4.9%). The gearing ratio is calculated as total interest-bearing liabilities divided by total equity as at the respective financial year end. The decrease was mainly due to the increase in the Group’s equity arising from retained earnings while the Group’s total interest-bearing liabilities remained relatively stable.

## **Foreign Exchange Exposure**

The main operations of the Group are in Singapore, Malaysia and China. Most of the Group’s transactions and cash and cash equivalents are denominated in S\$, Malaysia Ringgit and Renminbi. 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.

## Capital Commitment

	2022 S\$'000	2021 S\$'000
<b>Contracted, but not provided for:</b>		
Commitments for development of a technological infrastructure	<u>1,885</u>	<u>4,799</u>

## Contingent Liabilities and Guarantees

As at 30 June 2022, we did not have any unrecorded significant contingent liabilities, guarantees or any litigations against us.

## 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 Listing (the “Net Proceeds”) as set out in the announcement of the Company dated 29 October 2020 (the “Announcement”). Please refer to the Announcement for details of the change in use of the unutilised Net Proceeds. Subsequent to the Year, there are some changes in the technological infrastructure, the Board signed a settlement agreement with the Service Provider in relation to the full refund of an amount of S\$7,199,070 to the Group due to the delayed in development and change in the business operating environment. For details, please refer to the Company’s announcement dated 26 September 2022. The Net Proceeds were approximately HK\$92 million. The table below sets forth the breakdown of the intended use and the timeline for utilisation as at 30 June 2022:

Intended use of Net Proceeds from the share offer (per Prospectus) <i>HK\$ million</i>	Approximate percentage of Net Proceeds %	Revised allocation of Net Proceeds (as disclosed in the Announcement) <i>HK\$ million</i>	Approximate percentage of Net Proceeds %	Amount utilised as at 30 June 2021 <i>HK\$ million</i>	Remaining balance as at 30 June 2021 <i>HK\$ million</i>	Amount utilised during the Year <i>HK\$ million</i>	Remaining balance as at 30 June 2022	
								<i>Note</i>
Strengthening the technological infrastructure	58.2	63.3	58.20	63.30	40.65	17.55	—	17.55 <i>Note</i>
Acquisition of a website development and hosting company	26.2	28.5			—	—	—	—
Establishment of a sales office in JB, Malaysia	5.3	5.7			—	—	—	—
Working Capital	2.3	2.5	2.30	2.50	2.30	—	—	—
Acquisition of additional interest in an associated company	—	—	31.50	34.20	31.50	—	—	—
	<u>92.0</u>	<u>100.0</u>	<u>92.00</u>	<u>100.00</u>	<u>74.45</u>	<u>17.55</u>	<u>—</u>	<u>17.55</u>

*Note:* The deployment of the Net Proceeds for strengthening technological infrastructure is canceled after the discussion between the Board and the Service Provider, due to the impact brought by COVID-19 and the delayed timing in developing Platform A, B & C have changed the business operating environment. The Service Provider fully refunded S\$7,199,070 to the Group as at the date of this announcement. The remaining balance as at 30 June 2022 of approximately HK\$17.55 million together with the said refund are expected to be utilised by the fourth quarter of 2024.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2022, the Group had 125 (30 June 2021: 173) employees and our employee remuneration for the year ended 30 June 2022 totalled approximately S\$8.5 million (including salary, bonus, and other employee benefits). The amount was approximately S\$7.4 million for the year ended 30 June 2021. The remuneration of our employees is determined based on their performance, experience, competence and market comparable. Their remuneration package includes salaries, bonus related to our performance, allowances and retirement benefit schemes for employees in Singapore, Malaysia and China. 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 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 30 June 2022 and no option was exercised or cancelled or lapsed during the financial year.

## **OTHER INFORMATION**

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the financial year ended 30 June 2022, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities.

### **Annual General Meeting**

The 2022 annual general meeting of the Company (the "2022 AGM") is scheduled to be held on Tuesday, 29 November 2022. A notice convening the 2022 AGM will be published and despatched to the shareholders of the Company (the "Shareholders") in accordance with the requirements of the articles of association of the Company and the Listing Rules.



## **Closure of Register of Members**

The register of members of the Company will be closed from Thursday, 24 November 2022 to Tuesday, 29 November 2022, both dates inclusive, during which period no transfer of Shares will be affected. In order to determine the identity of Shareholders who are entitled to attend and vote at the 2022 AGM, non-registered Shareholders must lodge all share transfer documents accompanied by the relevant share certificates for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 23 November 2022.

## **Scope of Work of HLB Hodgson Impey Cheng Limited**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's independent auditors, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's drafted consolidated financial statements for the Year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on this preliminary announcement.

## **Compliance with the Corporate Governance Code**

The Group is committed to implementing high standards of corporate governance to safeguard the interests of 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 A.2.1 (which has been renumbered as code provision C.2.1 of the CG Code since 1 January 2022) 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 Li Lian ("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 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.

Code provision F.1.2 (which has been renumbered as code provision C.6.2 of the CG Code since 1 January 2022) of the CG Code stipulates that the appointment of the company secretary should be dealt with by a physical board meeting rather than a written resolution. The appointment of the current company secretary was dealt with by a written resolution on 23 November 2021. The Board considers that, prior to the execution of the written resolution to appoint the current company secretary, all Directors were individually consulted on the matter without any dissenting opinion and there were no need to approve the matter by a physical board meeting instead of a written resolution.

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 for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (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 announcement, the Audit Committee consists of three INEDs, namely Mr. Chung Kwok Hoe, Mr. Lee Shy Tsong and Ms. Zhang Hong. Mr. Chung Kwok Hoe 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.

## **Review of Annual Results**

The consolidated financial results of the Group for FY2022 have been reviewed by the Audit Committee and the figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows, and the related notes thereto for FY2022 as set out in this announcement have been agreed by our independent auditor, HLB, to the amounts set out in the Group's consolidated financial statements for FY2022. The Audit Committee is of the opinion that such results have been prepared in compliance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

## **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 year.

## **Publication of Annual Results**

The annual report of the Company for the year ended 30 June 2022 containing all the relevant information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.amgroup Holdings.com](http://www.amgroup Holdings.com)) in due course in the manner as required by the Listing Rules.

## **Subsequent Event**

As disclosed in "Use of net proceeds from listing" section in this announcement and Company's announcement dated 26 September 2022, the refund amount of approximately S\$7,199,000 and approximately of S\$493,000 for the other platform development, which is not included in the use of net proceeds have been refunded to the Group subsequent to the end of the reporting period, which results in the derecognition of the intangible assets subsequent to the end of the reporting period.

By order of the Board  
**AM Group Holdings Limited**  
**Teo Li Lian**

*Co-Chairlady, Executive Director and Chief Executive Director*

Hong Kong, 30 September 2022

*As at the date of this announcement, the Board of the Company comprises three executive Directors, namely Ms. Teo Li Lian (Co-Chairlady and Chief Executive Officer), Mr. Teo Kuo Liang and Mr. Mu Lei (Co-Chairman); and three independent non-executive Directors, namely Mr. Chung Kwok Hoe, Mr. Lee Shy Tsong and Ms. Zhang Hong.*