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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

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Corporate Information

EXECUTIVE DIRECTORS

Ms. Teo Li Lian

(Chairlady and Chief Executive Officer)

Mr. Teo Kuo Liang

Mr. Mu Lei

NON-EXECUTIVE DIRECTOR

Mr. Shi Lizhi *(appointed on 16 March 2021)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Kwok Hoe

Mr. Lee Shy Tsong

Ms. Zhang Hong

AUDIT COMMITTEE

Mr. Chung Kwok Hoe *(Chairman)*

Mr. Lee Shy Tsong

Ms. Zhang Hong

REMUNERATION COMMITTEE

Mr. Lee Shy Tsong *(Chairman)*

Ms. Teo Li Lian

Mr. Chung Kwok Hoe

Ms. Zhang Hong

NOMINATION COMMITTEE

Mr. Chung Kwok Hoe *(Chairman)*

Mr. Lee Shy Tsong

Ms. Zhang Hong

COMPANY SECRETARY

Ms. Chui Lee Lee

AUTHORISED REPRESENTATIVES

Ms. Teo Li Lian

Ms. Chui Lee Lee

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO 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

Room 5705, 57th Floor

The Center

99 Queen's Road Central

Hong Kong

INDEPENDENT AUDITOR

Deloitte & Touche LLP

Public Accountants and

Chartered Accountants

6 Shenton Way

OUE Downtown 2

#33-00

Singapore 068809

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
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 2020 (the “Reporting Period”) together with the relevant comparative figures.

FINANCIAL HIGHLIGHTS

Revenue of the Group for the Reporting Period was S\$14.5 million, representing an increase of 5% over the corresponding period in 2019.

Gross profit for the Reporting Period stood at S\$4.2 million, representing a decrease of 19% over the corresponding period in 2019.

Profit for the Reporting Period was S\$0.6 million, as compared to a profit of S\$2.1 million for the corresponding period in 2019. The decrease was mainly due to the following reasons:

1. Decrease in revenue in Search Engine Marketing Services and Creative and Technology Services from approximately S\$10.7 million to approximately S\$9.0 million and from approximately S\$2.5 million to approximately S\$1.3 million respectively
2. Decrease in gross profit from approximately S\$5.2 million to approximately S\$4.2 million
3. Increase in general and administrative expenses from approximately S\$2.1 million to approximately S\$3.1 million

The Board has resolved not to declare any interim dividend in respect of the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

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

For the six months ended 31 December 2020

	Notes	Six months ended 31 December	
		2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Revenue	4	14,475	13,813
Cost of services		(10,264)	(8,632)
Gross profit		4,211	5,181
Other income	5	380	107
Other losses	6	(425)	(16)
Selling expenses		(783)	(592)
General and administrative expenses		(3,141)	(2,077)
Finance costs	7	(29)	(28)
Share of results of associate		763	—
Profit before taxation		976	2,575
Income tax expense	8	(338)	(491)
Profit for the period	9	638	2,084
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		273	4
Profit and total comprehensive income for the period		911	2,088
Profit attributable to:			
Equity holders of the Company		476	2,084
Non-controlling interests		162	—
		638	2,084
Total comprehensive income attributable to:			
Equity holders of the Company		695	2,088
Non-controlling interests		216	—
		911	2,088
Earnings per share attributable to the owners of the Company (in Singapore cent)			
Basic and diluted	11	0.08	0.25

Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	31 December 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
Non-current assets			
Plant and equipment	13	288	77
Investment property		2,718	2,750
Deferred tax assets		—	44
Trade and other receivables	15	8,110	7,692
Right-of-use assets		223	242
Goodwill		11,899	—
Intangible assets	14	177	—
		23,415	10,805
Current assets			
Trade and other receivables	15	12,735	6,373
Cash and cash equivalents	16	11,169	19,125
		23,904	25,498
Current liabilities			
Trade and other payables	17	10,831	3,113
Contract liabilities	18	4,862	2,839
Bank borrowings	20	107	107
Income tax payable		404	908
Lease liabilities	19	158	244
		16,362	7,211
Net current assets		7,542	18,287
Total assets less current liabilities		30,957	29,092
Non-current liabilities			
Bank borrowings	20	1,946	2,007
Lease liabilities	19	67	—
		2,013	2,007
Net assets		28,944	27,085
Capital and reserves			
Share capital	21	1,389	1,389
Share premium	22	19,366	19,366
Reserves		7,025	6,330
		27,780	27,085
Non-controlling interests		1,164	—
Equity attributable to owners of the Company		28,944	27,085

Unaudited Condensed Consolidated Statement of Changes in Equity*For the six months ended 31 December 2020*

		Share capital	Share premium	Merger reserve	Translation reserve	Retained earnings	Non- controlling interests	Total equity
Notes	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2019								
(Unaudited)		1,389	19,366	220	92	3,537	–	24,604
Profit for the period		–	–	–	–	2,084	–	2,084
Other comprehensive income for the period:								
Exchange differences arising on translation of a foreign operation		–	–	–	4	–	–	4
Total comprehensive income		–	–	–	4	2,084	–	2,088
Balance as at 31 December 2019 (Unaudited)								
		1,389	19,366	220	96	5,621	–	26,692
Balance as at 1 July 2020								
(Unaudited)	21	1,389	19,366	220	92	6,018	–	27,085
Profit for the period		–	–	–	–	476	162	638
Other comprehensive income for the period:								
Exchange differences arising on translation of foreign operations		–	–	–	219	–	54	273
Total comprehensive income		–	–	–	219	476	216	911
Non-controlling interest arising from acquisition of a subsidiary		–	–	–	–	–	948	948
Balance as at 31 December 2020 (Unaudited)								
		1,389	19,366	220	311	6,494	1,164	28,944

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2020

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before taxation	976	2,575
Adjustments for:		
Amortisation of intangible assets	6	—
Depreciation of plant and equipment	57	38
Depreciation of investment property	32	34
Depreciation of right-of-use assets	127	9
Finance costs	29	28
Interest income	(13)	(25)
Bad debts directly written (back)/off	(2)	27
Impairment loss, net of reversal on trade receivables	257	63
(Gain) on disposal of property, plant and equipment	—	(1)
Exchange difference	53	4
Share of results of associate	(763)	—
Operating cash flows before movements in working capital	759	2,752
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	(7,037)	5
Increase/(Decrease) in trade and other payables	7,731	(2,628)
Increase/(Decrease) in contract liabilities	2,023	(618)
Cash generated from/(used in) operations	3,476	(489)
Interest paid on lease liabilities	(2)	(705)
Income tax paid	(800)	—
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	2,674	(1,194)
INVESTING ACTIVITIES		
Interest received from time deposits	13	25
Purchase of plant and equipment	(282)	(45)
Proceeds from disposal of property, plant and equipment	3	1
Advance payment for purchase of plant and equipment	—	(4,800)
Net cash outflow on acquisition of a subsidiary	(9,971)	—
Additional to intangible assets	(183)	—
NET CASH USED IN INVESTING ACTIVITIES	(10,420)	(4,819)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(61)	(61)
Interest paid	(27)	(27)
Proceeds from issuance of shares under share offer	—	17,251
Repayment of lease liabilities	(127)	(9)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(215)	17,154
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,961)	11,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	19,125	9,788
Effect of foreign exchange rate changes	5	—
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11,169	20,929

Notes to the Unaudited Condensed Consolidated Financial Statements

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 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 have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 26 June 2019.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are provision of search engine marketing services, social media marketing services, marketing services, creative and technology services and technical and platform services.

Other than the subsidiaries of the Company established in the People’s Republic of China (the “PRC” or “China”) whose functional currency is Renminbi (“RMB”) and the subsidiary of the Company established in Malaysia whose functional currency is Ringgit (“RM”), 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 (the “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 2020. The accounting policies and methods of computation adopted for the condensed consolidated financial statements are consistent with those adopted in the annual financial statements for the year ended 30 June 2020 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

3. APPLICATION OF NEW AND REVISED IFRSs

During the 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 January 2020. 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 period is as follows:

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Search engine marketing services	9,008	10,719
Creative and technology services	1,280	2,473
Social media marketing services	840	621
Technical and platform services	2,957	—
Marketing services	390	—
	14,475	13,813

Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION — *continued*

Revenue — *continued*

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Timing of revenue recognition:		
Over time:		
— Search engine marketing services	9,008	10,719
— Social media marketing services	840	621
— Marketing services	390	—
	10,238	11,340
At point in time:		
— Creative and technology services	1,280	2,473
— Technical and platform services	2,957	—
	14,475	13,813

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 and 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 as the Group performs. Revenue is recognised for these search engine marketing services, social media marketing services and 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 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 to its customers (2019: no credit terms).

Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION — *continued*

Revenue — *continued*

The Group provides creative and technology services and technical and platform services to customers. Such services are recognised at a point in time because the Group has determined that control of the performance obligation has been transferred to the customers (i.e. service performed) as the Group has the right to payment for its services and customers have accepted its services. Revenue recognised from creative and technology services and technical and platform services are based on a fixed fee. The Group generally bills its customers when services are performed and provides credit terms of 7 days to its customers (2019: no credit terms).

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.

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 the 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 involve 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 utilise the unique features of social media platform to deliver customised information to specific target customers.
4. Technical and platform services — technical service for registering an account on the platform and transaction proceeds on the platform.
5. Marketing services — expertise live broadcast, short video promotion, App feature image and advertising display.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION — *continued*

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 2019

	Search engine marketing services S\$'000 (Unaudited)	Creative and technology services S\$'000 (Unaudited)	Social media marketing services S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
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REVENUE

External sales and segment revenue	10,719	2,473	621	13,813
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RESULTS

Segment profit	2,803	2,145	233	5,181
Unallocated other income				107
Other losses				(16)
Selling expenses				(592)
General and administrative expenses				(2,077)
Finance costs				(28)
Profit before tax				2,575

Notes to the Unaudited Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION — *continued*

Segment information — *continued*

For the six months ended 31 December 2020

	Search engine marketing services S\$'000 (Unaudited)	Creative and technology services S\$'000 (Unaudited)	Social media marketing services S\$'000 (Unaudited)	Technical and platform services S\$'000 (Unaudited)	Marketing services S\$'000 (Unaudited)	Total S\$'000 (Unaudited)
REVENUE						
External sales and segment revenue	9,008	1,280	840	2,957	390	14,475
RESULTS						
Segment profit	1,353	878	284	1,503	193	4,211
Unallocated other income						380
Other losses						(425)
Selling expenses						(783)
General and administrative expenses						(3,141)
Finance costs						(29)
Share of results of associate						763
Profit before tax						976

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 losses and share of results of 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 periods.

Notes to the Unaudited Condensed Consolidated Financial Statements

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	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Singapore (country of domicile)	10,391	12,641
Malaysia	737	1,172
China	3,347	—
	14,475	13,813

Non-current assets by geographical location

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

	31 December	30 June
	2020 S\$'000 (Unaudited)	2020 S\$'000 (Audited)
Singapore (country of domicile)	2,890	3,103
British Virgin Islands	7,692	7,692
Malaysia	251	10
China	12,582	—
	23,415	10,805

Information about major customers

No single customer contributes over 10% or more of the Group's total revenue.

Notes to the Unaudited Condensed Consolidated Financial Statements

5. OTHER INCOME

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Government grants (<i>Note</i>)	287	1
Rental income	—	54
Interest income	13	25
Others (<i>Note</i>)	80	27
	380	107

Note: Included in government grants during the six months ended 31 December 2020 is an amount of S\$269,000 relating to grant provided by Singapore Government for wages paid to local employees under the Job Support Scheme announced in the Unity Budget and Resilience Budget on 18 February 2020 and 26 March 2020 respectively. The grant income is recognised on a systematic basis over the estimated period of economic uncertainty in which the Group recognises the related salary costs. As at 31 December 2020, grant receivable of S\$24,000 is recorded under “Deferred government grant income” (Note 17) and is expected to be recognised as grant income in the financial year ending 30 June 2021.

Others income included S\$68,000 compensation from client for infringement of the Group’s intellectual property right.

6. OTHER LOSSES

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Net exchange losses	(425)	(16)

Notes to the Unaudited Condensed Consolidated Financial Statements

7. FINANCE COSTS

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Interest on bank borrowings	27	27
Interest expense on lease liabilities	2	1
	29	28

8. INCOME TAX EXPENSE

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax (“CIT”)	–	500
– Malaysia income tax	9	(2)
– China income tax	272	–
Under provision from prior years	14	5
Deferred tax	43	(12)
	338	491

Singapore CIT is calculated at 17% of the estimated assessable profit for the period.

Malaysia income tax is calculated at 24% of the estimated assessable profit for the period.

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% for the period.

Notes to the Unaudited Condensed Consolidated Financial Statements

8. INCOME TAX EXPENSE — *continued*

The tax charge for the 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	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Profit before taxation	976	2,575
Tax at Singapore CIT rate of 17%	166	438
Tax effect of income tax not taxable for tax purpose	(102)	(63)
Tax effect of different tax rate in foreign jurisdiction	91	(1)
Tax effect of expenses not deductible for tax purpose	169	112
Under provision from prior years	14	5
	338	491

9. PROFIT FOR THE PERIOD

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments:		
Fees	44	45
Salaries, allowances and other benefits	700	467
Retirement benefit scheme contributions	24	30
	768	542

Notes to the Unaudited Condensed Consolidated Financial Statements

9. PROFIT FOR THE PERIOD – *continued*

	Six months ended 31 December	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Other staff costs:		
Salaries, allowances and other benefits	1,495	1,560
Retirement benefit scheme contributions	188	173
Total staff costs	2,451	2,275
Auditors' remuneration	96	99
Minimum lease payments	5	127
Depreciation expenses:		
Investment property	32	34
Plant and equipment	57	38
Right-of-use assets	127	9
Bad debts directly written (back)/off	(2)	27
Impairment loss, net of reversal on trade receivables	257	63
Gross rental income from an investment property	—	(54)
Less: direct operating expenses incurred for investment property that generated rental income during the period	32	34
	32	(20)

Notes to the Unaudited Condensed Consolidated Financial Statements

10. DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

11. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2020 (Unaudited)	2019 (Unaudited)
Profit attributable to the owners of the Company (S\$'000)	638	2,084
Weighted average number of ordinary shares in issue ('000)	800,000	800,000
Basic and diluted earnings per share (Singapore cent)	0.08	0.25

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

Notes to the Unaudited Condensed Consolidated Financial Statements

12. ACQUISITION OF SUBSIDIARY

Business Combination

On 23 November 2020, the Company entered into an agreement with ROC Arise Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 98% by the Guarantor (“Mu Lei” — being the ultimate beneficial owner) and as to 2% by another individual both of whom are independent third parties to acquire 60% interest in Majestic State International Limited (“MSIL”) and its wholly-owned subsidiaries (hereinafter collectively referred to as “MSIL Group”) for a cash consideration of RMB66,000,000 (approximately S\$12.64 million), thereby obtaining control of MSIL (details of which are disclosed in the announcements of the Company dated 23 November 2020 and 30 November 2020). On 6 July 2020, the Company acquired 20% shareholding at the consideration of RMB12,000,000 (approximately S\$2.29 million) (details of which are disclosed in the voluntary announcement of the Company dated 16 June 2020). In total, the Group holds 80% of the entire issued share capital of MSIL Group.

The above acquisition has been accounted for using the acquisition method of accounting.

Impact of acquisition on the results of the Group

MSIL contributed S\$3.3 million revenue and S\$1.0 million to the Group’s profit for the period between the date of acquisition to the reporting date.

Notes to the Unaudited Condensed Consolidated Financial Statements

13. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, the Group acquired plant and equipment at a total cost of approximately S\$282,000 (six months ended 31 December 2019: S\$45,000). In addition, there was a disposal of property, plant and equipment at cost of approximately S\$3,686 during the six months ended 31 December 2020 (six months ended 31 December 2019: S\$2,300).

As at 31 December 2020, property, plant and equipment had carrying amount of approximately S\$288,000 (30 June 2020: S\$77,000).

14. INTANGIBLE ASSETS

	Trademark S\$'000	Software S\$'000	Total S\$'000
COST			
As at 30 June 2020	—	—	—
Acquisition of subsidiary	29	154	183
Disposals	—	—	—
Exchange realignment	—	—	—
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	29	154	183
As at 30 June 2020			
As at 30 June 2020	—	—	—
Depreciation for the period	1	5	6
Eliminated on disposals	—	—	—
Exchange realignment	—	—	—
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	1	5	6
CARRYING VALUES			
As at 31 December 2020	<hr/>	<hr/>	<hr/>
	28	149	177

Notes to the Unaudited Condensed Consolidated Financial Statements

15. TRADE AND OTHER RECEIVABLES

	31 December 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
Current assets:		
Trade receivables	9,366	4,613
Unbilled revenue	1,243	2,029
	10,609	6,642
Less: Allowance for doubtful debts	(1,050)	(852)
	9,559	5,790
Deposits	46	54
Prepayments	361	86
Staff loans	392	309
Government grant receivables	—	120
Other receivables (<i>Note</i>)	2,377	14
Total	12,735	6,373
Non-current assets:		
Deposits	8,110	7,692
Total	8,110	7,692

The Group generally requires advance payments and deposits from customers and the average credit period on the service rendered is 7 days (2019: Nil days).

Note: It includes an amount of S\$2.02 million which is an advance payment to vendor for developing platform by Majestic State International Limited.

Notes to the Unaudited Condensed Consolidated Financial Statements

15. TRADE AND OTHER RECEIVABLES — *continued*

The table below is an ageing analysis of trade receivables presented based on the invoice dates as at the end of each reporting period.

	31 December 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
Unbilled revenue	1,220	1,994
Less than 30 days	4,943	1,125
31 to 60 days	2,414	614
61 to 90 days	123	393
Over 90 days	859	1,664
	9,559	5,790

Movement in allowance for doubtful debts:

	Lifetime ECL — not credit-impaired individually assessed S\$'000	Lifetime ECL — credit impaired S\$'000	Total S\$'000
As at 1 July 2019	—	239	239
Amounts charged to profit or loss	100	580	680
Written off	—	(67)	(67)
As at 30 June 2020	100	752	852
Amounts charged to profit or loss	—	257	257
Written off	—	(59)	(59)
As at 31 December 2020	100	950	1,050

Notes to the Unaudited Condensed Consolidated Financial Statements

16. CASH AND CASH EQUIVALENTS

	31 December 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
Time deposits	—	2,277
Cash at bank and on hand	11,169	16,848
	11,169	19,125

17. TRADE AND OTHER PAYABLES

	31 December 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
Trade payables	3,809	1,986
Accrued expenses	1,925	326
Deposits received	250	250
Goods and services tax payables	359	280
Deferred government grant income (<i>Note 5</i>)	24	179
Other payables	4,464	92
	10,831	3,113

Notes to the Unaudited Condensed Consolidated Financial Statements

17. TRADE AND OTHER PAYABLES – *continued*

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

	31 December 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
1 to 30 days	2,594	1,021
31 to 60 days	1,215	954
61 to 90 days	—	5
91 to 120 days	—	6
	3,809	1,986

18. 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 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
At the beginning of the period/year	2,839	3,083
Receipt from customers upon entering sales contracts during the period/year	12,311	20,016
Revenue recognised that was included in the contract liabilities balance at the beginning of the period/year	(2,839)	(3,083)
Revenue recognised during the period/year that was related to receipt from customers in the same period/year	(7,449)	(17,177)
At the end of the period/year	4,862	2,839

Notes to the Unaudited Condensed Consolidated Financial Statements

19. LEASE LIABILITIES

Lease liabilities

	31 December 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
Maturity analysis:		
– Within one year	161	247
– Later than one year but not later than five years	68	–
	229	247
Less: Unearned interest	(4)	(3)
	225	244
Analysed as:		
– Current	158	244
– Non-current	67	–

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.

20. BANK BORROWINGS

	31 December 2020 S\$'000 (Unaudited)	30 June 2020 S\$'000 (Audited)
Secured mortgage loans	2,053	2,114

Note: The bank borrowings are guaranteed by the Controlling Shareholders and secured by the investment property of the Group. The personal guarantee given by the Controlling Shareholders has been released on 11 March 2020 and replaced by a corporate guarantee given by the Company.

The range of effective interest rates of the Group's bank borrowings was at 1.38%–1.98% for the six months ended 31 December 2020 (2.48%–2.78% for the year ended 30 June 2020).

Notes to the Unaudited Condensed Consolidated Financial Statements

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
Authorised share capital of the Company:			
At date of incorporation on 7 December 2017			
and 30 June 2018	38,000,000	0.01	380
Increase on 3 June 2019 ⁽ⁱⁱ⁾	9,962,000,000	0.01	99,620

At 30 June 2019, 31 December 2019 and 31 December 2020	10,000,000,000	0.01	100,000
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	Number of shares	Share capital S\$'000
Issued and fully paid share capital of the Company:		
At date of incorporation on 7 December 2017 ⁽ⁱ⁾	1	—
Issue of shares pursuant to reorganisation ⁽ⁱⁱⁱ⁾	99	—
Issue of shares pursuant to capitalisation issue ^(iv)	599,999,900	1,042
Issue of shares under the share offer ^(v)	200,000,000	347

At 31 December 2020 and 30 June 2020	800,000,000	1,389
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- (i) On 7 December 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the date of incorporation, one nil-paid share was allocated and issued to the initial subscriber, an independent third party. On the same date, the share was transferred to Activa Media Investment Limited (“Activa Media Investment”).

Notes to the Unaudited Condensed Consolidated Financial Statements

21. SHARE CAPITAL — *continued*

- (ii) On 3 June 2019, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares by the creation of an additional 9,962,000,000 shares which rank pari passu in all respects with existing shares.
- (iii) On 3 June 2019, Ms. Teo, Mr. Teo, Activa Media Investment and the Company entered into a sale and purchase agreement, pursuant to which Activa Media Investment transferred its entire shareholdings in Activa Media Holdings Limited to the Company in consideration of the Company allotting and issuing 99 shares to Activa Media Investment, credited as fully paid.
- (iv) On 26 June 2019, HK\$5,999,999 standing to the credit of the share premium account of the Company was capitalised by applying such sum in paying up in full at par 599,999,900 shares for allotment and issue to the shareholders in proportion to their then shareholdings in the Company so that the shares allotted and issued shall rank pari passu in all respects with the then existing issued shares. This transaction is a non-cash transaction.
- (v) On 26 June 2019, the Company's total number of ordinary shares, which are issued and fully paid, increased to 800,000,000 by the Company issuing 200,000,000 new shares from a share offer. The 200,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.65 per share for a total consideration of HK\$130,000,000 (equivalent to approximately S\$22,221,000) with listing expenses of approximately HK\$15,158,000 (equivalent to approximately S\$2,591,000) charged to the share premium account of the Company. On the same date, the issued shares were successfully listed on the Main Board of the Stock Exchange.

22. SHARE PREMIUM

Share premium represents the excess of share issue price 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 operates within the online marketing sphere and provides an integrated suite of services: search engine marketing services, social media marketing services, creative and technology services, technical and platform services as well as marketing services. This allows businesses of the Group to reach a diverse, large and targeted pool of audiences across multiple platforms in the most effective way possible.

With Singapore well on its way to becoming a Smart Nation (a Singapore Government initiative to maximise the use of infocomm technology, with the aim of creating more socioeconomic opportunities), the Group believes that its services in helping businesses transition and thrive online will be in strong demand in the long run.

However, with the global pandemic (COVID-19) still ongoing, the Group – like many others – has been significantly affected. COVID-19 has forced many countries into various levels of lockdowns and movement restrictions, hindering business travel, sales meetings and marketing events from being carried out as per normal. It has also dampened the demand for commercial services as businesses tighten their purse strings. While this has impacted the Group's immediate profitability, the Group has also earnestly looked into ways it can mitigate the impact resulting from COVID-19.

To that end, the Group has recently completed its acquisition of Majestic State International Limited and its subsidiaries, which principally engaged in business in the PRC. Please refer to the Company's announcements dated 23 November 2020 and 30 November 2020 for more details. With the Company's listing status on the Stock Exchange, the Group has been able to increase its exposure within the PRC market and better collaborate with PRC-based digital platforms. The Group believes that this acquisition represents a good opportunity for the Group to enter the booming e-commerce industry in the PRC, diversify its operations and expand its client base.

For the six months ended 31 December 2020, the Group reported an increase in revenue as compared to the corresponding period in 2019, standing at approximately S\$14.5 million as compared to approximately S\$13.8 million for the corresponding period in 2019. This represents a 5% increase in revenue. This increase was in good part due to the acquisition of Majestic State International Limited, which contributed approximately S\$3.3 million of revenue for the Reporting Period.

At the same time, however, the revenue increase was not able to offset the losses incurred by the Group's search engine marketing services and creative and technology services segments. As a result, overall gross profit for the six months ended 31 December 2020 stood at approximately S\$4.2 million, as compared to the corresponding period in 2019 which stood at approximately S\$5.2 million, representing a decrease of 19%.

Management Discussion and Analysis

The Group remains optimistic that the situation will start picking up soon, as Singapore and many other countries kickstart their mass vaccination campaigns to curb the transmission of COVID-19. This will give a boost of confidence to the business climate as well as a reduction of social and travel restrictions, allowing the Group and its clients (being businesses themselves) to gradually resume normal operations.

At the same time, the Group will continue to closely assess the situation and identify ways to further manage its costs and expenses, increase its revenue and client base, as well as diversify its operations. The Group will further update its shareholders and investors in a timely manner should there be any material changes to the Group's business performance.

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) technical and platform services; and (v) marketing services.

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

	For the six months ended 31 December					
	2020		2019		Variance	
	S\$'000	%	S\$'000	%	S\$'000	%
Search engine marketing services	9,008	62.2	10,719	77.6	(1,711)	-16.0
Creative and technology services	1,280	8.8	2,473	17.9	(1,193)	-48.2
Social media marketing services	840	5.8	621	4.5	219	+35.3
Technical and platform services	2,957	20.4	—	—	2,957	N/A
Marketing services	390	2.8	—	—	390	N/A
	14,475	100.0	13,813	100.0	662	+4.8

Management Discussion and Analysis

Overall, the total revenue of the Group increased by around 4.8% from approximately S\$13.8 million for the six months ended 31 December 2019 to approximately S\$14.5 million for the Reporting Period. Such increase was driven by the revenue from technical and platform services and marketing services from the MSIL Group of approximately S\$3.3 million for the Reporting Period.

Revenue from search engine marketing services and creative and technology services decreased by approximately 16.0% and 48.2% respectively, mainly caused by the outbreak of COVID-19 in Singapore and Malaysia as customers cut down on advertising spending due to the slowing economy.

The increase of revenue from social media marketing services evidencing that there is a change of clients' preferences on advertising on Facebook from contents to advertising spend help to ease some loss of revenue generated from search engine marketing services and creative and technology services.

Cost of services

Our cost of services increased from approximately S\$8.6 million for the six months ended 31 December 2019 to approximately S\$10.3 million for the six months ended 31 December 2020. The increase was due to including the cost of services from MSIL Group of approximately S\$1.7 million for the Reporting Period.

Other income

Other income consisted of (i) government grants of approximately S\$269,000 relating to grant provided by Singapore Government for wages paid to local employees under the Job Support Scheme that provides wage support to employers to help them retain their local employees (Singapore citizens and permanent residents) during this period of economic uncertainty due to the COVID-19 pandemic situation; (ii) interest income from time deposits; and (iii) other income which was the compensation from client for infringement of the Group's intellectual property right.

Other losses

Our other losses consisted of net exchange gains or losses arising from (i) our subsidiary in Malaysia and (ii) the net proceeds received from the share offer, which were denominated in Hong Kong dollars. The fluctuations of our other gains or losses were primarily arise 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 increased by around 32.3% from approximately S\$592,000 for the six months ended 31 December 2019 to approximately S\$783,000 for the Reporting Period. The selling expenses mainly consisted of sales staff costs, sales commission and marketing-related expenses. The increase in selling expenses for the Reporting Period was mainly due to the increase in marketing-related expenses.

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\$2.1 million for the six months ended 31 December 2019 to approximately S\$3.1 million for the six months ended 31 December 2020.

The increase in general and administrative expenses was primarily due to (i) the increase in professional fees of approximately S\$0.3 million due to payments made to professional parties during the acquisition of subsidiaries; (ii) increase in allowance for doubtful debts of approximately S\$0.2 million; (iii) included the operating costs of MSIL of approximately S\$0.3 million; and (iv) increase in depreciation on right-of-use assets of approximately S\$0.1 million.

Finance costs

Finance costs had maintained stable, which amounted to approximately S\$29,000 for the Reporting Period (2019: S\$28,000). This item mainly comprised interest expenses on bank borrowings.

Income tax expense

Our income tax expense primarily consisted of provision for Singapore, Malaysia and China current income tax expense. The Group's income tax expense decreased from approximately S\$491,000 for the six months ended 31 December 2019 to approximately S\$338,000 for the six months ended 31 December 2020. Such decrease was mainly attributable to decrease in taxable profits of the Group.

Profit for the period

Profit for the period decreased from approximately S\$2.1 million for the six months ended 31 December 2019 to profit for the period of approximately S\$0.6 million for the six months ended 31 December 2020. The decrease in profit was mainly due to an increase in general and administrative expenses and decrease in revenue from search engine marketing services and creative and technology services mentioned above.

Management Discussion and Analysis

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Reporting Period (six months ended 31 December 2019: nil).

FINANCIAL POSITIONS

As at 31 December 2020, our total equity was approximately S\$28.9 million as compared to approximately S\$27.1 million as at 30 June 2020. The increase was mainly attributable to the acquisition of subsidiaries, MSIL Group and the goodwill arising from the acquisition.

As at 31 December 2020, our net current assets were approximately S\$7.5 million as compared to approximately S\$18.3 million as at 30 June 2020. The decrease was mainly due to the S\$14.9 million payment made for the acquisition of MSIL during the six months ended 31 December 2020.

LIQUIDITY AND CAPITAL RESOURCES

Borrowings

Our bank borrowings of approximately S\$2.1 million as at 31 December 2020 were secured against investment property with carrying amount of approximately S\$2.7 million as at 31 December 2020. As at 31 December 2020, all of the bank borrowings was denominated in Singapore dollars (30 June 2020: S\$2.1 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, 18% was repayable more than two years but not exceeding five years and 69% was repayable more than five years.

For details of interest rates of the bank borrowings, please refer to note 20 to the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2020.

Material acquisition and disposal of subsidiaries, associates and joint ventures

During the Reporting Period, the Company has acquired a group of subsidiaries — MSIL Group through VIE structure (details of which are disclosed in the announcements of the Company dated 23 November 2020 and 30 November 2020). Save as disclosed above, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Future plans for material investments or capital assets and the expected sources of funding

Save for the business plan disclosed in the prospectus of the Company dated 13 June 2019 (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 2020.

Management Discussion and Analysis

Gearing ratio

The gearing ratio of the Group as at 31 December 2020 was approximately 7.3% (30 June 2020: 7.8%). The gearing ratio is calculated as total interest-bearing liabilities divided by total equity as at the respective period end. The decrease was mainly due to the increase in the Group's equity arising from increase in 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 and Malaysia and most of the Group's transactions and cash and cash equivalents are denominated in S\$ and Malaysia Ringgit. 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 2020, we did not have any unrecorded significant contingent liabilities, guarantees or any litigations against us.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Mr. Mu Lei ("Mr. Mu") was appointed as an executive Director with effect from 29 January 2021. As disclosed in the announcement of the Company dated 29 January 2021, Mr. Mu was the majority ultimate beneficial owner of ROC Arise Holdings Limited ("ROC") and the majority legal owner of Show Times (Chongqing) Technology Co. Ltd. Pursuant to a conditional sale and purchase agreement dated 23 November 2020 entered into between the Company, ROC and Mr. Mu in relation to the acquisition of the majority stake of MSIL, a profit guarantee had been provided by ROC (which was in turn personally guaranteed by Mr. Mu). Mr. Mu is a director of MSIL and has become a connected person of the Company at subsidiary level since 30 November 2020 and is a connected person of the Company upon his appointment as an executive Director, and accordingly, the guarantees provided by Mr. Mu and ROC are subject to the requirements of annual review and disclosure (including publishing announcement and annual reporting) under Chapter 14A pursuant to Rule 14A.60(1) of the Listing Rules.

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 net proceeds from the Listing (the “Net Proceeds”) were approximately HK\$92 million. 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 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. The table below sets forth the breakdown of the intended use and the timeline for utilisation of the Net Proceeds as at 31 December 2020:

	Intended use of Net Proceeds from the share offer (per Prospectus) HK\$ million	Approximate percentage of Net Proceeds %	Revised allocation of Net Proceeds (as disclosed in the Announcement) HK\$ million	Approximate percentage of Net Proceeds %	Amount utilised as at 30 June 2020 HK\$ million	Amount utilised during the Reporting Period HK\$ million	Remaining balance as at 31 December 2020 HK\$ million	Expected timeline to use unutilised Net Proceeds
Strengthening the technological infrastructure	58.2	63.3	58.2	63.3	40.65	–	17.55	Q4 2019 ^{Note}
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	–	2.3	–	–
Acquisition of additional interest in an associated company	–	–	31.5	34.2	–	31.5	–	–
Total	92.0	100.0	92.0	100.0	40.65	33.8	17.55	

Note: The deployment of the Net Proceeds for strengthening technological infrastructure is divided into phases and the initial deployment was made in Q4 2019, as detailed in the Prospectus. It is expected that the development of (i) Platform A would be completed in Q1 2022; and (ii) Platform B would be completed in Q2 2023. The deployment of Net Proceeds for Platform C is expected to be in Q2 2021.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 136 (30 June 2020: 73) employees and our employee remuneration for the Reporting Period totalled approximately S\$2.5 million (including salary, bonus, and other employee benefits). The amount was approximately S\$5.2 million for the year ended 30 June 2020. 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 2020 and 31 December 2020 and no share 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 2020, 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	Number of Shares held, capacity and nature of interests			Percentage of the issued share capital
	Directly	Through	Total	
	beneficially owned	controlled corporation		
Ms. Teo Li Lian (<i>Note</i>)	—	408,000,000	408,000,000	51%
Mr. Teo Kuo Liang (<i>Note</i>)	—	408,000,000	408,000,000	51%

Note: Activa Media Investment is beneficially owned 50% by Ms. Teo Li Lian and Mr. Teo Kuo Liang respectively. Under the SFO, each of Ms. Teo Li Lian and Mr. Teo Kuo Liang 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.

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 (<i>Note</i>)	Ms. Teo Li Lian	Beneficial owner	4	50%
Activa Media Investment (<i>Note</i>)	Mr. Teo Kuo Liang	Beneficial owner	4	50%

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

Corporate Governance and Other Information

Save as disclosed above, as at 31 December 2020, 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 2020, the following corporation (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 Shareholder	Capacity/nature of interests	Number of Shares held	Percentage of issued share capital
Activa Media Investment	Beneficial interest	408,000,000 <i>(Note)</i>	51%

Note: Activa Media Investment is beneficially owned 50% by Ms. Teo Li Lian and Mr. Teo Kuo Liang respectively. Under the SFO, each of Ms. Teo Li Lian and Mr. Teo Kuo Liang is deemed to be interested in the 408,000,000 Shares held by Activa Media Investment.

Save as disclosed above, as at 31 December 2020, no other corporation which/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.

Corporate Governance and Other Information

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 A.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 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. Tan Eng Ann ("Mr. Tan") retired as an INED, and ceased to be the chairman of the Board's audit committee (the "Audit Committee") and a member of each of the Board's nomination committee (the "Nomination Committee") and remuneration committee (the "Remuneration Committee"), with effect from the conclusion of the annual general meeting of the Company held on 20 November 2020. Following Mr. Tan's retirement and cessation, (i) the Board comprised only two INEDs, which did not fulfil the requirement of having three INEDs under Rule 3.10(1) of the Listing Rules; and (ii) the Audit Committee comprised only two members, which did not fulfil the requirement of comprising a minimum of three members who are non-executive Directors under Rule 3.21 of the Listing Rules.

With effect from 19 January 2021, Ms. Zhang Hong ("Ms. Zhang") was re-designated from the non-executive Director (the "NED") to an INED and appointed as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Following Ms. Zhang's re-designation and appointment, (i) the Board comprises five Directors, of which three are INEDs, and (ii) the Audit Committee comprises three members, and hence, the number of INEDs and the number of members of the Audit Committee are in compliance with the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

Corporate Governance and Other Information

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 current Directors (who also served in such capacity during the Reporting Period), 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 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. 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 INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2020 and this report, 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 2020 annual report of the Company and up to the date of this report are set out below:

Mr. Tan retired as an INED and ceased to be the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee, with effect from the conclusion of the annual general meeting of the Company held on 20 November 2020.

Ms. Zhang was re-designated from the NED to an INED and appointed as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, with effect from 19 January 2021.

Corporate Governance and Other Information

Mr. Chung Kwok Hoe was appointed as the chairman of the Audit Committee with effect from 19 January 2021.

Mr. Mu was appointed as an executive Director with effect from 29 January 2021.

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

Chairlady, Executive Director and Chief Executive Officer

Hong Kong, 26 February 2021