Annual Report 2019

AM GROUP HOLDINGS LIMITED

創世紀集團控股有限公司

(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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Kwok Hoe
Mr. Tan Eng Ann
Mr. Lee Shy Tsong

AUDIT COMMITTEE

Mr. Tan Eng Ann *(Chairman)*
Mr. Chung Kwok Hoe
Mr. Lee Shy Tsong

REMUNERATION COMMITTEE

Mr. Lee Shy Tsong *(Chairman)*
Ms. Teo Li Lian
Mr. Chung Kwok Hoe
Mr. Tan Eng Ann

NOMINATION COMMITTEE

Mr. Chung Kwok Hoe *(Chairman)*
Mr. Tan Eng Ann
Mr. Lee Shy Tsong

COMPANY SECRETARY

Sir Kwok Siu Man KR

AUTHORISED REPRESENTATIVES

Ms. Teo Li Lian
Sir Kwok Siu Man KR

REGISTERED OFFICE

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LISTING INFORMATION

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

CHAIRLADY'S STATEMENT

Dear Shareholders,

On behalf of AM Group Holdings Limited (the "Company"), I am pleased to present the first annual report of the Company and its subsidiaries (the "Group") since it was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 June 2019 (the "Listing Date" and the "Listing", respectively).

From our inception in 2005 when digital marketing was still in its infancy, the industry has since experienced exponential growth in the decade that followed, and this trend is only set to increase. According to Frost & Sullivan, the online marketing expenditure in Singapore increased at a compound annual growth rate (CAGR) of 7.3% from US$291.1 million in 2013 to US$386.5 million in 2017, in which our Group ranked first among all online marketing service providers with approximately 7.2% of the market share in the online marketing industry in Singapore in the year ended 30 June 2018 ("FY2018").

Indeed, as the Internet became increasingly prevalent and artificially intelligent, it has allowed businesses to gain a much wider reach to consumers locally and abroad that they would not have via traditional advertising methods. This has motivated businesses to invest heavily in online marketing in order to tap on the burgeoning consumer base actively searching for goods and services online.

Our Group recorded a revenue of approximately S$28.9 million for the year ended 30 June 2019 ("FY2019"), highest since the incorporation of the Group, and an adjusted profit for FY2019 of approximately S$5.7 million after excluding listing expenses which incurred in FY2019. This was mainly driven by the increase in awareness of the effectiveness of online marketing among advertisers.

Headquartered in Singapore, our Group intends to expand our operations to leverage on the ever-increasing smartphone penetration rate and economic growth in the Southeast Asian and Greater China regions. With our recent Listing, it will increase our market exposure and raise our profile in these regions, paving the way to greater collaboration and investment in these promising markets.

Further, with the enhanced capital base from our Listing, a key priority is to strengthen our technological infrastructure to significantly improve productivity and retain our competitive edge. This will be done through the development of several proprietary technology platforms and will be further highlighted in the section headed "Management Discussion and Analysis" of this annual report.

With our milestone Listing, imminent development of exciting technologies and implementation of expansion strategies, we look forward to the year ahead with an optimistic outlook and we thank all our shareholders (the "Shareholders"), business partners and employees for their continued trust and support in us.

Ms. Teo Li Lian
Chairlady

Singapore, 24 September 2019

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Teo Li Lian (Zhang Lilian) (張麗蓮) ("Ms. L Teo"), aged 40, has been with our Group since August 2005. She was appointed as a director of the Company (the "Director") on 7 December 2017 and re-designated as the chairlady (the "Chairlady") of the board of Directors (the "Board"), an executive Director and the chief executive officer of our Company on 29 June 2018. She is also a member of the remuneration committee of the Board (the "Remuneration Committee") and a director of Activa Media Investment Limited ("Activa Media Investment"), a controlling shareholder of the Company (the "Controlling Shareholder"). Ms. L Teo is responsible for overall strategic planning, sales and marketing, management and operation of our Group. She is currently a director of our subsidiaries Activa Media Holdings Limited ("Activa Media (BVI)"), Activa Media Pte. Ltd. ("Activa Media (S)"), Activa Media Consultancy Pte. Ltd. ("Activa Media Consultancy") and SG ActivaMedia (M) Sdn. Bhd. ("Activa Media (M)").

Ms. L Teo is an entrepreneur with close to 14 years of start-up and operational experience in the online marketing service industry and has been instrumental in leading the growth of our Group over the years. She has cultivated our Group's core value and culture. Her industry knowledge, in-depth understanding of the market and the needs of our customers and her hands-on approach in management and staff training have been invaluable in the establishment of our sales and customer relations teams and the expansion of our Group's customer base locally and regionally. Ms. L Teo started her career and had worked at the Royal & Sun Alliance Insurance Pte Ltd from November 1998 to August 2001. She then worked at eGuide Singapore Pte. Ltd from August 2001 to August 2005.

Ms. L Teo obtained a Diploma in Risk & Insurance Management from Nanyang Polytechnic of Singapore in May 1998. She is the elder sister of Mr. Teo Kuo Liang, the executive Director of our Company.

Mr. Teo Kuo Liang (Zhang Guoliang) (張國良) ("Mr. V Teo"), aged 38, has been with our Group since August 2005. He was appointed as a Director on 7 December 2017 and re-designated as an executive Director on 29 June 2018. He is also a director of Activa Media Investment, a Controlling Shareholder. Mr. V Teo is responsible for branding and business development of our Group. He is currently a director of our subsidiaries Activa Media (BVI), Activa Media (S) and Activa Media Consultancy.

In his close to 14 years of start-up and operational experience of online marketing with our Group, Mr. V Teo drove the development of our Group. He has been instrumental in growing key accounts, developing new services for our Group (such as social media marketing services and search engine optimisation), expanding our customer base to new industries as well as building up our brand. Mr. V Teo has led our management team to better align the digital marketing, web, sales, customer relations and administration & accounts departments to increase efficiency across the board.

Mr. V Teo obtained a degree of Bachelor of Engineering (Mechanical Engineering) from the National University of Singapore in June 2005. Mr. V Teo is the younger brother of Ms. L Teo, the Chairlady, an executive Director and the chief executive officer of the Company.

Independent Non-executive Directors

Mr. Chung Kwok Hoe (曾國豪) ("Mr. Chung"), aged 41, was appointed as an independent non-executive Director (the "INED") on 3 June 2019. He is the chairman of the nomination committee of the Board (the "Nomination Committee"), and a member of the audit committee of the Board (the "Audit Committee") and the Remuneration Committee.

Mr. Chung has over 15 years of experience in financial advisory, accounting, taxation, and auditing. From August 2002 to November 2005, Mr. Chung worked at KPMG Singapore and his last held position was a senior associate. From November 2005 to September 2010, Mr. Chung worked at PricewaterhouseCoopers Singapore and his last held position was a manager. Mr. Chung is currently working at WSC Partnership and became a partner of the said partnership in September 2012.

Mr. Chung obtained a degree of Bachelor of Accountancy from Nanyang Technological University, Singapore in June 2002. Mr. Chung is qualified as a chartered accountant of Singapore and has been admitted as a member of the Institute of Singapore Chartered Accountants since July 2013.

Mr. Tan Eng Ann (陳勇安) ("Mr. Tan"), aged 51, was appointed as an INED on 3 June 2019. Mr. Tan is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee. Mr. Tan has more than 19 years of experience in audit, accounting and finance. The following table summarises Mr. Tan's professional experience:

Company name	Principal business activities	Last position held	Period of service
A-IT Software Services Pte Ltd (being deployed to Citibank, N.A.)	IT outsourcing services provider	Financial analyst	November 1998 to June 1999
AIB Govett (Asia) Limited	Financial services	Marketing manager	December 1999 to October 2001
Standard Chartered Bank	Banking	Manager	September 2001 to July 2002
RH International Pte. Ltd.	Trading	Chief financial officer	May 2006 to present
IP Global Limited	Real estate agent	Director	February 2017 to present
SCK Securities Limited	Dealing and advising securities	Director	May 2017 to present
IPIM Holdings Limited	Investment holding	Director	October 2017 to present
SCK Assets Management Limited	Asset management	Director	May 2018 to present
IP Real Estate Investments Pte. Ltd.	Management consultancy services	Director	April 2019 to present

Mr. Tan has held numerous financial and management positions in listed companies in Singapore and Hong Kong. Since June 2013, he has been an independent non-executive director of Isoteam Ltd. (a company listed on the Singapore Exchange Limited (Stock Code: 5WF)). From June 2016 to January 2018, Mr. Tan was an independent non-executive director of SingAsia Holdings Limited (a company listed on GEM (Stock Code: 8293)). From September 2014 to September 2016, he was an independent non-executive director of GCCP Resources Limited (a company listed on the Singapore Exchange Limited (Stock Code: 41T)). From November 2009 to July 2017, Mr. Tan was an independent non-executive director of Hiap Tong Corporation Ltd (a company listed on the Singapore

Exchange Limited (Stock Code: 5PO)). From May 2007 to August 2014, he served as an executive director of R H Energy Ltd. (now known as CWG International Ltd and formerly known as Chiwayland International Limited) (a company previously listed on the Singapore Exchange Limited (Stock Code: ACW)).

Mr. Tan obtained a degree of Bachelor of Accountancy from Nanyang Technological University, Singapore in May 1992. He has also been a fellow member of the Institute of Singapore Chartered Accountants since January 2010. Mr. Tan has been a chartered financial analyst of the Association for Investment Management and Research since September 1999.

Mr. Lee Shy Tsong ("Mr. Lee"), aged 48, was appointed as an INED on 3 June 2019. Mr. Lee is the chairman of the Remuneration Committee, and a member of the Audit Committee and the Nomination Committee. Mr. Lee has 22 years of experience in the legal industry and has extensive experience in intellectual property law and manages intellectual property portfolios worldwide. Mr. Lee joined Donaldson & Burkinshaw LLP in September 1996 as a lawyer and became a partner of the firm in January 1998.

Mr. Lee obtained a degree of Bachelor of Laws (Hons.) from the National University of Singapore in June 1993 and received a Kuok Foundation Study Award for his undergraduate studies at the said University from year 1989 to 1993. He was awarded an Advance Diploma in Computer Studies in December 2001. Mr. Lee was admitted as a solicitor of the Supreme Court of Singapore in March 1994. Mr. Lee is also a registered Patent Agent in Singapore, a member of the Association of Singapore Patent Agents (ASPA) and a registered Trademark and Industrial Design Agent in Malaysia.

SENIOR MANAGEMENT

Ms. Teng Oon Tang (丁文婷), aged 33, is the chief financial officer of our Group. She joined our Group in February 2018 and is responsible for overall accounting and financial management of our Group. She has over nine years of experience in accounting and financial management. From July 2008 to December 2015, she worked for Deloitte & Touche LLP, an accounting firm, and her last position was an audit manager. From January 2016 to February 2018, she worked as a lead accountant in Dow Chemical Pacific (Singapore) Pte Ltd, a company engaged in wholesale of chemicals and chemical products, where she was responsible for the accounts of certain entities within the group.

She obtained a degree of Bachelor of Accountancy from Nanyang Technological University in June 2008. She is qualified as a chartered accountant of Singapore and has been admitted as a member of the Institute of Singapore Chartered Accountants since July 2013.

Ms. Wong Wan Ping (黃婉屏), aged 32, is the head of digital marketing of our Group. She joined our Group in March 2009 as campaign specialist and was promoted to her current position in December 2017. She is responsible for overseeing and managing all online marketing campaigns for our Group and has approximately nine years of experience in marketing. She obtained a degree of Bachelor of Arts from the National University of Singapore in June 2008.

Mr. Tan Ding Yuan (陳鼎元), aged 35, is the head of customer relations of our Group. He joined our Group in April 2009 as an advertising executive and was promoted to his current position in December 2017. He is responsible for overseeing and managing communications and sales activities with existing customers of our Group and has approximately nine years of experience in sales and customer relations. He obtained a degree of Bachelor of Business (Management) from the RMIT University (formerly known as Royal Melbourne Institute of Technology) in August 2009.

Mr. Lee Wee Chyun (李偉群), aged 28, is the head of sales of our Group. He joined our Group in May 2014 as an account executive and was promoted to his current position in December 2017. He is primarily responsible for overseeing and managing new customer development and sales activities for our Group and has over four years of experience in sales and customer relations.

Prior to joining our Group, he worked at K Y Chik & Associates, an accounting firm, from September 2012 to July 2013. From November 2013 to May 2014, he worked at Shanker Iyer & Co, an accounting firm.

He obtained a Diploma in Management Studies from the SIM University in June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW

Since our early entry into the online marketing industry in 2005, the Group has rapidly expanded to serve over 900 customers across 100 industries in Singapore and Malaysia. Our services include (i) search engine marketing services, (ii) creative and technology services (comprises web development and design, and search engine optimisation), as well as (iii) social media marketing services.

While search engine marketing makes up the majority of our service offerings, we ultimately see our services as complementary and, where possible, propose and implement marketing strategies that take into consideration website design, copywriting, mobile-friendliness, potential for social media engagement and high visibility on the organic search results.

This multi-pronged, one-stop marketing approach that we offer has proven to be very valuable and convenient for our customers, and this is the direction that we will continue to strive towards.

2. BUSINESS OVERVIEW

As mentioned, the Group provides a diverse yet complementary suite of online marketing services for our customers, fuelled by the high Internet and smartphone penetration rate in Singapore and the region, which has given rise to a powerful new way for businesses and consumers to interact with each other.

Our core service — search engine marketing — has been enjoying rising demand as it allows marketing campaigns to be highly personalised, reach specific target audiences and enable results to be tracked at every stage. Not only does this result in more effective campaigns, it also allows us to constantly build up our extensive database of major converting keywords, industry research, strategies and performance outcomes.

As these are mostly done manually by our digital marketing team, it is not the most effective use of our resources. Hence, we are pleased to reiterate that the main intended use of net proceeds from the share offer (approximately 63.3%) will go to enhancing our technological infrastructure. This is done with the goal that processes will become vastly automated and streamlined, thus improving efficiency and expanding our suite of services significantly.

The three platforms that we plan to develop are:

Platform A:

To enable users to digitally perform health checks on the effectiveness of their search engine marketing campaigns and website quality, prompting users to engage us for advice and support. Therefore, this free diagnostic tool also doubles as a high quality leads generation tool for us.

Platform B:

To digitise our extensive keywords library and automate parts of campaign planning, execution and reporting for our search engine marketing services.

Platform C:

To facilitate Big Data collection from search engines and social media platforms, as well as data mining and analytics, to efficiently identify and predict market trends and search trends.

To summarise, the focusing of our attention on the development of our technological infrastructure will address our imminent business needs, make our business more scalable in the rapidly evolving online marketing industry, expand our customer base, enhance our services offered, increase our productivity with less reliance on manpower, and provide us with Big Data analysis which we can utilise for all types of our online marketing services.

3. RESULTS OF OPERATIONS

The following table sets for the consolidated statements of profit or loss for the year ended 30 June 2019 and the year ended 30 June 2018.

	Year ended 30 June	
	2019	2018
	S$'000	S$'000
Revenue	**28,885**	26,554
Cost of services	**(18,007)**	(16,161)
Gross profit	**10,878**	10,393
Other income	**215**	244
Other gains or losses	**(25)**	11
Selling expenses	**(1,077)**	(1,293)
General and administrative expenses	**(3,068)**	(2,327)
Listing expenses	**(2,982)**	(1,816)
Finance costs	**(49)**	(85)
Profit before taxation	**3,892**	5,127
Income tax expense	**(1,197)**	(1,142)
Profit for the year	**2,695**	3,985
Other comprehensive income/(loss):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of a foreign operation	**(9)**	7
Total comprehensive income for the year	**2,686**	3,992
Earnings per share (in Singapore cents)		
Basic and diluted	**0.4**	0.7

Our Group recorded growth in revenue as compared to the prior year. Such growth was mainly driven by the increase in awareness of the effectiveness of online marketing among advertisers.

Revenue

We derived our revenue from online marketing services consisting of: (i) search engine marketing services; (ii) creative and technology services; and (iii) social media marketing services. The breakdown of the Group's revenue for the year is as follows:

	Year ended 30 June	
	2019	2018
	S$'000	S$'000
Search engine marketing services	**23,404**	22,043
Creative and technology services	**4,535**	3,776
Social media marketing services	**946**	735
	28,885	26,554

Our revenue has increased slightly by approximately 8.6% from approximately S$26.6 million in FY2018 to approximately S$28.9 million in FY2019. The growth in the revenue was due to the increase in revenue from all three business segments of the Group, which was in turn mainly driven by the increase in awareness of the effectiveness of online marketing among advertisers.

Search engine marketing continued to be our largest revenue contributor. The increase in search engine marketing services was attributable to the increase in revenue from Malaysia. The increase in creative and technology services was attributable to the increase in revenue from search engine optimisation. The increase in social media marketing services was attributable to the increase in revenue from both Singapore and Malaysia.

Cost of Services

Our cost of services has increased from approximately S$16.2 million in FY2018 to approximately S$18.0 million in FY2019. Such increase was generally in line with the increase in the revenue.

Other Income

Our other income consisted of (i) government grants received from the Singapore government for the employment of Singapore citizens; and (ii) rental income. Our other income remained relatively stable at approximately S$0.2 million for the years.

Other Gains or Losses

Our other gains or losses consisted of net exchange gains or losses arising from our Malaysia subsidiary. The fluctuations of our other gains or losses were primarily due to the movement of exchange rates of Singapore dollars against Malaysia Ringgits.

Selling Expenses

Our selling expenses primarily consisted of staff costs and sales commission for our sales personnel, and marketing related expenses directly related to our sales and marketing activities. Our selling expenses decreased from approximately S$1.3 million in FY2018 to approximately S$1.1 million in FY2019. This decrease was mainly due to the lower sales commission paid and lower marketing related expenses incurred as compared to prior year.

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 have increased from approximately S$2.3 million in FY2018 to approximately S$3.1 million in FY2019. Such increase was mainly due to the higher staff costs and the additional professional fees incurred with our Listing.

Finance Costs

Our finance costs comprised interest charges on bank borrowings. Our finance costs have decreased from approximately S$85,000 in FY2018 to approximately S$49,000 in FY2019. Such decrease was mainly due to the lower effective interest rate in FY2019.

Income Tax Expense

Our income tax expense primarily consisted of provision for Singapore and Malaysia current income tax expense. Our income tax expense increased from approximately S$1.1 million in FY2018 to approximately S$1.2 million in FY2019. Such increase was mainly attributable to lower tax rebates available for utilisation in FY2019.

Profit for the Year

Our profit for the year has decreased from approximately S$4.0 million in FY2018 to approximately S$2.7 million in FY2019. This decrease was mainly attributable to the increase in general and administrative expenses from the higher staff costs and additional professional fees incurred with our Listing and the higher listing expenses incurred in FY2019.

The table below demonstrates the impact on our profit excluding the one-off and non-recurring costs:

	Year ended 30 June	
	2019	2018
	S$'000	S$'000
Profit for the year	**2,695**	3,985
Add:		
Listing expenses	**2,982**	1,816
Adjusted profit for the year	**5,677**	5,801

Financial Positions

As at 30 June 2019, our total equity was approximately S$24.6 million as compared to approximately S$1.2 million as at 30 June 2018. The increase was mainly due to the Listing during FY2019.

As at 30 June 2019, our net current assets were approximately S$23.0 million as compared to approximately S$0.1 million as at 30 June 2018. The increase was mainly due to the proceeds received from the Listing and the increase in the bank balance from cash generated from the operating activities.

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 customers. 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 and Malaysia.

Capital Commitments

	As at 30 June	
	2019	2018
	S$'000	S$'000
Commitments for the acquisition of plant and equipment	**493**	—

Our capital expenditure includes expenditures on software.

Bank Borrowings

As at 30 June 2019, the Group did not enter any new arrangement beside those disclosed in the prospectus of the Company dated 13 June 2019 (the "Prospectus").

Charges of Assets

The bank borrowings as at 30 June 2019 were secured against investment property with carrying amount of approximately S$3.1 million.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Apart from the Reorganisation (as defined in the Prospectus), the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures in FY2019.

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

Save for the business plan disclosed in the Prospectus or elsewhere in this annual report, there was no other plan for material investments or capital assets as at 30 June 2019.

Gearing Ratio

As at 30 June 2019, the gearing ratio which is calculated as total interest-bearing liabilities divided by total equity and multiplied by 100%, was 9.1%, as compared to 202.4% as at 30 June 2018. The decrease was mainly due to the increase in our equity following our Listing while our total interest-bearing liabilities remained relatively stable.

Foreign Currency 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 Singapore dollars and Malaysia Ringgits. The Group retains the net proceeds from the share offer in Hong Kong dollars that are exposed to fluctuations in foreign exchange rate 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 30 June 2019, we did not have any unrecorded significant contingent liabilities, guarantees or any litigations against us.

Employees and Remuneration Policies

As at 30 June 2019, the Group had 58 (30 June 2018: 52) employees and our employee remuneration totalled approximately S$3.7 million (including salary, bonus, and other employee benefits). 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 and Malaysia. The Company 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.

The Company has adopted a share option scheme on 3 June 2019 for the purpose of providing incentives or rewards to eligible persons for their contributions to the Group.

Use of Net Proceeds from Listing

The shares of the Company (the "Shares") were successfully listed on the Main Board of the Stock Exchange on 26 June 2019. Net proceeds from the Listing were approximately HK$92.0 million. With reference to the Prospectus, we intend to use the net proceeds from the Listing for (1) approximately 63.3% to strengthen our technological infrastructure; (2) approximately 28.5% to acquire a website development and hosting company; (3) approximately 5.7% to establish a sales office in Johor Bahru, Malaysia; and (4) approximately 2.5% for working capital and general corporate purposes. As at 30 June 2019, the net proceeds had not been deployed in accordance with the plan set out in the Prospectus. The majority of the unused net proceeds have been placed with a licensed bank in Hong Kong. As at the date of this annual report, the Directors are not aware of any material change to the proposed use of such net proceeds.

4. OUTLOOK AND PROSPECTS

With increasing demand in online marketing and rising Internet penetration rates and smartphone adoption rates across the region, our Group-with its 14 years' experience in the industry, long-standing partnership with Google as a Premier Partner, enhanced capital and a raised business profile in the Southeast Asian and Greater China region-is well-poised to leverage on these strong economic forces and market trends to expand our customer base and suite of services moving forward.

Overall, the management is optimistic about the Group's prospects for medium- to long-term development, and will continue to implement strategies to expand our geographical reach and technological infrastructure to create greater value to our customers and Shareholders.

CORPORATE GOVERNANCE REPORT

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' values through good corporate governance. The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

As the issued shares of the Company were initially listed on the Stock Exchange on 26 June 2019, the Corporate Governance Code as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules" and the "CG Code", respectively) was not applicable to the Company for the period from 1 July 2018 to 25 June 2019, being the date immediately before the Listing Date. The Company has adopted and, save for the deviation from code provisions A.1.8 and A.2.1 of the CG Code as disclosed in this report, has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to 30 June 2019 (the "Review Period").

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 Review Period.

BOARD OF DIRECTORS

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business and investment plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's articles of association (the "Articles of Association"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The responsibilities of these Board committees include monitoring the Group's operational and financial performance, and ensuring that appropriate internal control and risk management systems are in place. The Board may from time to time delegate certain functions to management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to it from time to time.

The Directors have full access to information of the Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and INEDs so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this annual report, the Board comprises the following five Directors, of which the INEDs in aggregate represent 60% of the Board members:

Executive Directors

Ms. Teo Li Lian *(Chairlady and Chief Executive Officer)*
Mr. Teo Kuo Liang

Independent Non-executive Directors

Mr. Chung Kwok Hoe
Mr. Tan Eng Ann
Mr. Lee Shy Tsong

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

Ms. L Teo, the Chairlady of the Board, an executive Director and the chief executive officer of the Company, is the elder sister of Mr. V Teo who is an executive Director. Save as disclosed above, there was no financial, business, family or other material relationship among the Directors during the Review Period.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

Throughout the Review Period, the Company had three INEDs, meeting the requirements of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation and not aware of any adverse event, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules from the Listing Date to the date of this annual report.

From the Company's financial year commencing on 1 July 2019 ("Year 2019/20"), the Chairlady will at least annually hold one meeting with the INEDs without the presence of other Directors.

As the Company was sourcing and waiting for various quotations for the directors and officers liabilities' insurance after the Listing, the insurance cover in respect of legal actions against the Directors was not in place. However, as there were regular and timely communications among the Directors and the senior management of the Group, the Board was of the opinion that sound and effective corporate governance within the Group would suffice in monitoring and mitigating legal and compliance risks. Proper insurance coverage in respect of legal actions against the directors' liabilities is being arranged by the Company. It is expected that the relevant insurance policy will be taken out and become effective on 4 October 2019 and the Company will comply with code provision A.1.8 of the CG Code as from that date.

Directors' Induction and Continuous Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under statute and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies. During FY2019, each of the Directors named under the paragraph headed "Composition" above attended a training seminar arranged by the Company's Hong Kong legal advisers on directors' responsibilities.

The Company will from time to time fund and arrange suitable training to all Directors to develop and refresh their knowledge and skills in relation to their duties and responsibilities, such that their contribution to the Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuous professional development programmes received by each of the Directors during FY2019 is summarised as follows:

Name of Directors	Type of trainings
Ms. L Teo	A and B
Mr. V Teo	A and B
Mr. Chung	A and B
Mr. Tan	A and B
Mr. Lee	A and B

A: attending training sessions, including but not limited to, seminars, briefings, conferences, forums and workshops

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Meetings of the Board and Directors' Attendance Records

The Board did not hold any meeting during the Review Period. From Year 2019/20 onwards, the Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the Board meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The company secretary of the Company (the "Company Secretary") is responsible for keeping all Board meetings' minutes. Draft and final versions of the Board meetings' minutes will be circulated to the Directors for their comment and records respectively within a reasonable time after each Board meeting and the final version is open for the Directors' inspection.

During the Review Period, the Company did not hold any general meeting of the Shareholders.

Board Diversity Policy

During FY2019, the Board has adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, industry experience, skills and knowledge.

CHAIRLADY AND CHIEF EXECUTIVE

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. L Teo currently holds both positions. Throughout the Group's history, Ms. L 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 Directors (including the INEDs) consider that Ms. L Teo is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the Shareholders as a whole.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Audit Committee was established on 3 June 2019 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. The Audit Committee comprises all the INEDs, namely Mr. Chung, Mr. Tan and Mr. Lee. Mr. Tan is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and handling any questions of resignation or dismissal of that auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on the engagement of an external auditor to supply non-audit services;
- monitoring the integrity of the Company's financial statements, annual report and accounts, half-year report and quarterly reports, and reviewing significant financial reporting judgments contained in them;

- discussing the Company's risk management and internal control systems with the Company's management to ensure that management has performed its duty to have effective internal control systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- reviewing the Group's financial and accounting policies and practices; and
- establishing a whistle blowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) so that they can use, in confidence, to raise concerns about possible improprieties in any matter related to the Company and ensuring that proper arrangements are in place for fair and independent investigation of these matters.

During the Review Period, no Audit Committee meeting was held.

Remuneration Committee

The Remuneration Committee was established on 3 June 2019 with written terms of reference in compliance with the CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee comprises an executive Director Ms. L Teo, and three INEDs, namely Mr. Lee, Mr. Chung and Mr. Tan. Mr. Lee is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy;
- making recommendations to the Board on the remuneration packages of all individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration of non-executive Directors;
- reviewing and approving the management's performance-based remuneration proposals by reference to the Board's corporate goals and objectives from time to time; and
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Review Period, no Remuneration Committee meeting was held.

Nomination Committee

The Nomination Committee was established on 3 June 2019 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The Nomination Committee comprises three INEDs, namely Mr. Chung, Mr. Tan and Mr. Lee. Mr. Chung is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, skills, knowledge, professional qualifications and industry experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of INEDs;

- making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer of the Company; and

- developing and reviewing the policy of the Board on diversity and measurable objectives for implementing such policy from time to time and adopted by the Board and reviewing progress on achieving the objectives.

During the Review Period, no Nomination Committee meeting was held.

Nomination Policy

Nomination Procedures

(1) The Nomination Committee shall call for a meeting, and invite nomination of candidates from the Board members, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

(2) The Nomination Committee shall make recommendations for the Board's consideration and approval to appoint executive Directors, non-executive Directors or INEDs in office or to fill casual vacancies. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

(3) Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

(4) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from Shareholders, a circular will be sent to Shareholders. The circular will set out the lodgment period for Shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to Shareholders.

(5) A Shareholder can serve a notice to the Company Secretary within the lodgement period of his/her/its intention to propose a resolution to elect a certain person as an executive Director, non-executive Director or INED, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.

(6) A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the Company Secretary.

(7) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

Selection Criteria

(1) The factors listed below would serve as a reference by the Nomination Committee in assessing the suitability of a proposed candidate.

- Credential and experience
- Commitment in respect of the available time and interest
- Diversity in all its aspect, including but not limited to gender, age (18 years or above), ethnicity, qualification, experience, skill, knowledge and length of service

These factors are for reference only, and not meant to be exhaustive and decisive

(2) Retiring executive Directors and non-executive Directors are eligible for nomination by the Board to stand for re-election at a general meeting.

Retiring INEDs, save for those who have served as INEDs for a period of consecutive 9 years, are eligible for nomination by the Board to stand for re-election at a general meeting. For the avoidance of doubt, (a) the 9-year period for determining the eligibility of an INED for nomination by the Board to stand for election at a general meeting would count from his/her date of first appointment as an INED until the date of the forthcoming annual general meeting when his/her current term of service will expire at the end of that meeting; and (b) an INED who has been servicing on the Board for a period of 9 consecutive years or more may continue to hold office until expiry of his/her current term.

(3) Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as an executive Director, non-executive Director or INED and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as an executive Director, non-executive Director or INED. Additional information and documents may be requested, if necessary.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions as set out in code provision D.3.1 of the CG Code, which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years with effect from the Listing Date. Each of the INEDs has entered into a letter of appointment with the Company for an initial term of one year commencing on the Listing Date.

None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each annual general meeting of the Company (the "AGM"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself/herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been the longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his/her appointment and shall be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for FY2019 are set out in Note 12 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" of this annual report for FY2019 by band is set out below:

Remuneration band (in HK$)	Number of individuals
Nil to 500,000	2
500,001 to 1,000,000	2

INDEPENDENT AUDITOR'S REMUNERATION

For FY2019, Deloitte & Touche LLP ("Deloitte") was engaged as the Group's independent auditor. Apart from the provision of annual audit services, Deloitte provided the audit and non-audit services in connection with the Listing.

The remuneration paid/payable to Deloitte in respect of FY2019 is set out below:

Services	Fee paid/ payable S$'000
Audit services — Annual audit	180
Non-audit services — Listing	445
Non-audit services — Tax services	7
Total	632

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for FY2019.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, Deloitte has stated in the independent auditor's report its reporting responsibilities on the Company's consolidated financial statements for FY2019.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Company does not have an internal audit department. The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time.

In preparation for the Listing, the Company has engaged an independent internal control consulting firm to perform an overall assessment on the Group's internal control system, including the areas of financial, operation, compliance and risk management with the aims of, among other matters, improving the Group's corporate governance and ensuring compliance with the applicable laws and regulations. Based on its internal control review, the independent internal control consulting firm recommended certain internal control improvement measures to the Group and the Group has adopted them.

Recently, the Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls. The Board considers that the Group's risk management and internal control are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and the chief financial officer of the Company are authorised to communicate with parties outside the Group.

COMPANY SECRETARY

Sir Kwok Siu Man KR ("Sir Seaman") was appointed as the Company Secretary with effect from 29 June 2018. Sir Seaman was nominated by Boardroom Corporate Services (HK) Limited ("Boardroom") to act as the Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary persons at the Company with whom Sir Seaman have been contacting in respect of company secretarial matters are Ms. Teng Oon Tang, chief financial officer of the Group and Ms. Lai Pei Shi, assistant, chief financial officer.

Sir Seaman has taken no less than 15 hours of relevant professional training during FY2019 pursuant to Rule 3.29 of the Listing Rules.

All members of the Board can have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary has been/will be subject to the Board's approval.

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

Shareholders are welcome to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at Shareholders' meeting. Proposals may be sent to the Board or the Company Secretary by written requisition. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") in accordance with the "Procedures for Shareholders to Convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholder(s) who wish(es) to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned (the "Requisitionist(s)") at the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

The Requisition must state clearly the name(s) of the Requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) will be advised of the outcome and accordingly, the Board or the Company Secretary will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board or the Company Secretary fails to proceed to convene an EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board or the Company Secretary to convene the EGM shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for Shareholders to Send Enquiries to the Board

Shareholders may direct their enquiries about their shareholdings or their notification of change of correspondence address or their dividend/distribution instructions to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by post to the principal place of business of the Company in Hong Kong at Room 5705, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong, for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;

2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and

3. ordinary business matter, such as suggestions, enquiries and customer complaints to the appropriate management of the Company.

DIVIDEND POLICY

Currently, the Group does not have any dividend policy and predetermined dividend distribution ratio. The Board has absolute discretion as to whether any dividend for any financial year will be declared or recommended and if any, the amount of dividend and the means of payment. Such discretion is subject to the applicable laws and regulations, including the Companies Law and the Articles of Association, which may require the approval of the Shareholders. The amount of any dividends to be declared and paid in the future will depend on, amongst other things, (i) general financial conditions; (ii) actual and future operations and liquidity positions; (iii) future cash requirements and availability; (iv) restrictions on payment of dividends that may be imposed by the Group's lenders; (v) general market conditions; and (vi) any other factors which the Board may deem appropriate at such time.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, circulars, AGMs and EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

CONSTITUTIONAL DOCUMENTS

Except for the adoption of the amended and restated memorandum of association and Articles of Association (the "M&A") to comply with the applicable legal and regulatory requirements (including the Listing Rules) on 3 June 2019 in anticipation of the Listing, there was no change in the constitutional documents of the Company during FY2019.

The M&A is available on the respective websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 7 December 2017. The Shares were initially listed on the Main Board of the Stock Exchange on 26 June 2019.

The Company is an investment holding company and its subsidiaries (including its major operating subsidiary, Activa Media (S)) are principally engaged in the provision of online marketing services. The principal activities of the Company's subsidiaries are set out in Note 32 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during FY2019, a performance analysis using financial key performance indicators and an indication of likely future development of the Group's business could be found in the sections headed "Chairlady's Statement" and "Management Discussion and Analysis" in this annual report. The review and discussion form part of this report.

Principal Risks and Uncertainties faced by the Group

The principal risks and uncertainties faced by the Group are contained in the section headed "Risk Factors" of the Prospectus.

Important Event after the Reporting Period

The Board is not aware of any important event affecting the Group that has occurred subsequent to 30 June 2019 and up to the date of this report.

Environmental Policies and Performance

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business, including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 30 June 2019 to be published in due course in the manner required by the Listing Rules.

Compliance with Laws and Regulations

For the year ended 30 June 2019, the Company was in compliance with the relevant laws and regulations that have a significant impact on the Company.

Relationships with Employees, Customers and Suppliers

The Directors are of the view that employees, customers and suppliers are the keys to the sustainable development of the Group. The Group is committed to establishing a close relationship with its customers and suppliers.

We serve local and international brands across various business sectors. Our customers are mainly small and medium-sized enterprises. We strive to maintain good business relationships with our customers. A substantial number of them have more than three years of business relationship with us.

Our suppliers mainly include search engine platforms, social media platforms, magazine publishers, web hosting service providers and call tracking solution providers. The Group has maintained stable and long-established business relationships with them. Our largest supplier has also been inviting our executive Directors to participate in their exclusive partner conferences where we get insights on the latest industry trends, online marketing trends, technological development and market statistics.

We believe in staff development as it is our policy in building our own team of talents with different specialities to manage campaigns in-house. We also believe that staff development will help to promote our overall efficiency and employee loyalty and retention. Employees are required to attend trainings to keep them abreast of the latest industry trend and product information. We also organise annual offsite team-building events and weekly social gatherings for our staff to cultivate a sense of belonging and to foster stronger relationship among various team members.

RESULTS AND DIVIDEND

The consolidated annual results of the Group for the year ended 30 June 2019 are set out on pages 42 to 103 of this annual report.

The Board has resolved not to recommend the payment of any final dividend for the year ended 30 June 2019.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 12 November 2019 to Friday, 15 November 2019, both days inclusive and no share transfer will be effected during such period. In order to determine the identity of Shareholders who are entitled to attend and vote at the 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 11 November 2019.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group during the year ended 30 June 2019 are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 30 June 2019, together with the reasons therefor, are set out in Note 24 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group and of the Company during the year ended 30 June 2019 are set out in the Consolidated Statement of Changes in Equity on page 45 of this annual report and Note 34 to the consolidated financial statements.

As at 30 June 2019, no reserve is available for distribution to the owners of the Company, as calculated in accordance with the provisions of the Companies Law of the Cayman Islands.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past four financial years is set out on page 104 of this annual report.

DONATIONS

The Group has made a donation of S$20,000 to a charitable organisation during FY2019.

BANK BORROWINGS

Details of the movements in bank borrowings of the Group during the year ended 30 June 2019 are set out in Note 23 to the consolidated financial statements.

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

During the Review 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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

USE OF NET PROCEEDS FROM LISTING

The Shares were successfully listed on the Stock Exchange on 26 June 2019 at the offer price of HK$0.65 per share. The net proceeds were approximately HK$92.0 million (incorrectly stated as HK$98.0 million in the announcement of the Company dated 24 September 2019). No proceeds were utilised between the Listing Date and 30 June 2019. The table below sets forth the breakdown of the intended use and the timeline for utilisation as at 30 June 2019:

	Intended use of net proceeds from the share offer	**Proportion**	**Amount that had been utilised as at 30 June 2019**	**Remaining balance as at 30 June 2019**	**Expected timeline**
	HK$ million	%	HK$ million	HK$ million	
Strengthening our technological infrastructure	58.2	63.3	—	58.2	Q4 2019
Acquisition of a website development and hosting company	26.2	28.5	—	26.2	Q1 2021
Establishment of a sales office in Johor Bahru, Malaysia	5.3	5.7	—	5.3	Q4 2019
Working capital	2.3	2.5	—	2.3	—

Note: Subsequent to the announcement of the Company dated 25 June 2019 in relation to the offer price and allotment results, the Company received invoices relating to the Listing. As such, the net proceeds from the Listing were approximately HK$92.0 million. The use of proceeds is adjusted proportionally.

Saved as disclosed above, as at the date of this report, the Directors are not aware of any material change to the proposed use of proceeds.

DIRECTORS

The Directors during the year ended 30 June 2019 and up to the date of this report are:

Executive Directors

Ms. Teo Li Lian *(Chairlady and Chief Executive Officer)*	(appointed on 7 December 2017)
Mr. Teo Kuo Liang	(appointed on 7 December 2017)

Independent Non-executive Directors

Mr. Chung Kwok Hoe	(appointed on 3 June 2019)
Mr. Tan Eng Ann	(appointed on 3 June 2019)
Mr. Lee Shy Tsong	(appointed on 3 June 2019)

Pursuant to the Articles of Association, Ms. Teo Li Lian, Mr. Teo Kuo Liang and Mr. Chung Kwok Hoe shall retire from office at the forthcoming AGM and, being eligible, have offered themselves for re-election.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group as at the date of this annual report are set out on pages 5 to 8 in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company, under which they agreed to act as executive Directors for an initial term of three years commencing on the Listing Date, which may be terminated by not less than three months' notice in writing served by either the Director or the Company.

Each of the independent non-executive Directors has signed an appointment letter with the Company for an initial term of one year commencing on the Listing Date, which may be terminated by not less than one month's notice in writing served by either the independent non-executive Director or the Company. Under the respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association. None of the Directors has entered into a service contract or appointment letter with members of the Group that cannot be terminated by the Group within one year without payment of compensation, other than statutory compensation.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the section headed "Related Party Transactions" in Note 29 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended 30 June 2019 or subsisted as at 30 June 2019 and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 30 June 2019 or subsisted as at 30 June 2019.

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than disclosed in the section headed "Related Party Transactions" in Note 29 to the consolidated financial statements contained in this annual report, no transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted as at 30 June 2019 or at any time during the year ended 30 June 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, 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 ordinary shares of the Company

	Number of shares held, capacity and nature of interest			
Name of Directors	Directly beneficially owned	Through controlled corporation	Total	Percentage of the issued share capital
Ms. Teo Li Lian (Note)	—	600,000,000	600,000,000	75%
Mr. Teo Kuo Liang (Note)	—	600,000,000	600,000,000	75%

Note:

Activa Media Investment is beneficially owned 50% by Ms. Teo Li Lian and Mr. Teo Kuo Liang respectively. Under the SFO, 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 interest 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 interest	Number of shares held	Percentage of issued share capital
Activa Media Investment (Note)	Ms. Teo Li Lian	Beneficial owner	4	50%
Activa Media Investment (Note)	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.

Save as disclosed above, as at 30 June 2019, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded 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 30 June 2019, 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 were as follows:

Long positions in ordinary shares of the Company

Name of Shareholder	Capacity/nature of Interests	Number of shares held	Percentage of issued share capital
Activa Media Investment	Beneficial interest	600,000,000 (Note)	75%

Note: Activa Media Investment is beneficially owned 50% by Ms. Teo Li Lian and Mr. Teo Kuo Liang respectively. Under the SFO, Ms. Teo Li Lian and Mr. Teo Kuo Liang are deemed to be interested in the 600,000,000 Shares held by Activa Media Investment.

Save as disclosed above, as at 30 June 2019, 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.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Group during the year ended 30 June 2019 or existed as at 30 June 2019.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review or as at 30 June 2019 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

Pursuant to the written resolution of the sole Shareholder passed on 3 June 2019, the Company adopted a share option scheme conditional upon the Listing (the "Share Option Scheme"). The Share Option Scheme became effective on the Listing Date. As no share option has been granted by the Company under the Share Option Scheme since the Listing Date, there was no share option outstanding as at 30 June 2019 and no option was exercised or cancelled or lapsed during the year ended 30 June 2019.

The principal terms of the Share Option Scheme are set out as follows:

1. Purpose

The purpose of the Share Option Scheme is to enable the Board to grant options to eligible persons (as stated below) as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group.

2. Eligible persons

The Directors may, at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit, offer to grant option to any employee or proposed employee (whether full-time or part-time, including any director) of any member of the Group or invested entity; and any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity.

3. Maximum number of Shares available for issue

The total number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 80,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this annual report.

4. Maximum entitlement of each eligible person

Unless approved by the Shareholders in general meeting and subject to the following paragraph, no option shall be granted to any eligible person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time.

Where an option is to be granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% of the total number of Shares in issue at the relevant time of grant; and (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK$5 million, such grant shall not be valid unless approved by the independent Shareholders in general meeting.

5. Period within which the securities must be exercised under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

6. **Minimum period for which an option must be held before it can be exercised**

   There is no minimum period in which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

7. **Period for and consideration payable on acceptance of an option**

   An offer of grant of an option may be accepted by an eligible person within the date as specified in the offer letter issued by the Company, being a date not later than 21 days inclusive of the date upon which it is made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

8. **Basis of determining the exercise price**

   The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant an option (the "Offer Date"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an eligible person; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

9. **Remaining life**

   Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board by reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group for the year ended 30 June 2019 are set out in Notes 12 and 13 to the consolidated financial statements.

For the year ended 30 June 2019, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 30 June 2019.

Except as disclosed above, no other payments have been made or are payable, for the year ended 30 June 2019, by the Group to or on behalf of any of the Directors.

The Company has adopted the Share Option Scheme for the purpose of providing incentives or rewards to eligible persons, including directors and employees of the Group.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year under review, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business (apart from the business of the Group) that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at 30 June 2019 or at any time during the year ended 30 June 2019.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings during the year ended 30 June 2019.

MAJOR SUPPLIERS AND CUSTOMERS

In the year under review, the Group's largest customer accounted for 8.2% of the Group's total revenue. The Group's five largest customers accounted for 19.3% of the Group's total revenue. In the year under review, the Group's largest supplier accounted for 90.2% of the Group's total purchase. The Group's five largest suppliers accounted for 93.9% of the Group's total purchase.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the issued Shares) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 30 June 2019 are set out in Note 29 to the consolidated financial statements contained herein.

None of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float (i.e. at least 25% of the issued Shares in public hands) as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

In the opinion of the Directors, save for the deviations as disclosed in the Corporate Governance Report of this annual report, the Company has complied with the relevant code provisions contained in the CG Code during the Review Period.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 15 to 26 of this annual report.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. The relevant provisions in the Articles of Association were in force during the year ended 30 June 2019 and as at the date of this report.

INDEPENDENT AUDITORS

The Shares were initially listed on the Stock Exchange on 26 June 2019, and there has been no change in Company's independent auditors since the Listing Date. The consolidated financial statements for the year ended 30 June 2019 have been audited by Deloitte & Touche LLP, Certified Public Accountants, who are proposed for reappointment at the forthcoming AGM.

On behalf of the Board

Ms. Teo Li Lian
Chairlady, Executive Director and Chief Executive Officer

Singapore, 24 September 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AM Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of AM Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 42 to 103, which comprise the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER – *continued*

Key audit matter	How the matter was addressed in the audit
Calculation of loss allowance for trade receivables	
The Group has trade receivables from third parties amounting to S$6,612,000 as at 30 June 2019. The credit worthiness of customers may be impacted by specific and/or macro-economic conditions, resulting in overdue trade receivables. The Group adopted IFRS 9 *Financial Instruments*, effective from 1 July 2018. As a result, an expected credit loss impairment model was applied by the Group in determining the allowance against trade receivables. This involves significant judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions. Given the significance of the trade receivables and significant judgement and estimations involved in the impairment assessment, we have identified calculation of loss allowance for trade receivables as a key audit matter.	We have performed the following audit procedures, amongst others, in response to the key audit matter: • Obtained an understanding of the key controls and processes that management has in place to assess the expected recovery of the trade receivables; • Assessed the Group's policies and procedures for measuring expected credit losses; • Reviewed management's assessment of expected credit loss impairment model by applying historical collection data and forward-looking information; • Reviewed management's assessment of impairment of trade receivables through analyses of ageing of receivables, assessment of material overdue individual trade receivables; • Inquired management if there are any known disputed receivables; and • Reviewed the collectability of selected trade receivables by way of obtaining evidence of receipts from the customers subsequent to the end of the reporting period. For long overdue debts without subsequent collection, we reviewed their past payment trends and discussed with management if there are any disputed receivables with those customers. We have also assessed the adequacy of the relevant notes disclosure. The related disclosures on the expected credit losses for trade receivables are included in Note 4, Note 19 and Note 31 to the consolidated financial statements. The key sources of estimation uncertainty in relation to expected credit losses for trade receivables are disclosed in Note 5 to the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the consents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ng Meng Chuan.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

24 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	Year ended 30 June 2019 S$'000	2018 S$'000
Revenue	6	**28,885**	26,554
Cost of services		**(18,007)**	(16,161)
Gross profit		**10,878**	10,393
Other income	7	**215**	244
Other gains or losses	8	**(25)**	11
Selling expenses		**(1,077)**	(1,293)
General and administrative expenses		**(3,068)**	(2,327)
Listing expenses		**(2,982)**	(1,816)
Finance costs	9	**(49)**	(85)
Profit before taxation		**3,892**	5,127
Income tax expense	10	**(1,197)**	(1,142)
Profit for the year	11	**2,695**	3,985
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**(9)**	7
Total comprehensive income for the year		**2,686**	3,992
Earnings per share (in Singapore cents)			
Basic and diluted	15	**0.4**	0.7

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 S$'000	2018 S$'000
Non-current assets			
Plant and equipment	16	**89**	130
Investment property	17	**3,063**	3,131
Deferred tax assets	18	**32**	—
Trade and other receivables	19	**493**	—
		3,677	3,261
Current assets			
Trade and other receivables	19	**24,133**	6,591
Bank balances and cash	20	**9,788**	3,724
		33,921	10,315
Current liabilities			
Trade and other payables	21	**6,448**	4,957
Contract liabilities	22	**3,083**	3,421
Bank borrowings	23	**122**	124
Income tax payable		**1,229**	1,681
		10,882	10,183
Net current assets		**23,039**	132
Total assets less current liabilities		**26,716**	3,393
Non-current liability			
Bank borrowings	23	**2,112**	2,230
Net assets		**24,604**	1,163

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2019

	Notes	2019 S$'000	2018 S$'000
Capital and reserves			
Share capital	24	**1,389**	—
Share premium	25	**19,366**	—
Reserves		**3,849**	1,163
Equity attributable to owners of the Company		**24,604**	1,163

The consolidated financial statements on pages 42 to 103 were approved and authorised for issue by the Board of Directors on 24 September 2019 and are signed on its behalf by:

Teo Li Lian
Chairlady and Executive Director

Teo Kuo Liang
Executive Director

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Share capital S$'000	Share premium S$'000	Merger reserve S$'000	Translation reserve S$'000	Retained earnings S$'000	Total equity S$'000
Balance as at 1 July 2017	220	–	–	94	470	784
Profit for the year	–	–	–	–	3,985	3,985
Other comprehensive income for the year:						
Exchange differences on translation of a foreign operation	–	–	–	7	–	7
Total comprehensive income	–	–	–	7	3,985	3,992
Dividends paid (Note 14)	–	–	–	–	(3,613)	(3,613)
Effect of reorganisation (as detailed in Note 2) (Note)	(220)	–	220	–	–	–
Total	(220)	–	220	–	(3,613)	(3,613)
Balance as at 30 June 2018	–	–	220	101	842	1,163
Balance as at 1 July 2018	**–**	**–**	**220**	**101**	**842**	**1,163**
Profit for the year	**–**	**–**	**–**	**–**	**2,695**	**2,695**
Other comprehensive income for the year:						
Exchange differences on translation of a foreign operation	**–**	**–**	**–**	**(9)**	**–**	**(9)**
Total comprehensive income	**–**	**–**	**–**	**(9)**	**2,695**	**2,686**
Effect of issuance of shares under the capitalisation issue (Note 24)	**1,042**	**(1,042)**	**–**	**–**	**–**	**–**
Effect of issuance of shares under share offer (Note 24)	**347**	**22,220**	**–**	**–**	**–**	**22,567**
Effect of share issuance expenses under share offer	**–**	**(1,812)**	**–**	**–**	**–**	**(1,812)**
Total	**1,389**	**19,366**	**–**	**–**	**–**	**20,755**
Balance as at 30 June 2019	**1,389**	**19,366**	**220**	**92**	**3,537**	**24,604**

Note: As part of the Reorganisation (as defined in Note 2), there are series of restructuring steps within the Group, mainly involving interspersing the Company between the Controlling Shareholders (as defined in Note 2) and the operating subsidiaries (details as set out in Note 2). The difference between the share capital of Activa Media Holdings Limited ("Activa Media (BVI)") and the combined share capital of Activa Media Pte. Ltd. ("Activa Media (S)"), Activa Media Consultancy Pte. Ltd. ("Activa Media Consultancy") and SG ActivaMedia (M) Sdn. Bhd. ("Activa Media (M)") was credited to merger reserve.

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	2019 S$'000	2018 S$'000
Operating activities		
Profit before taxation	**3,892**	5,127
Adjustments for:		
Depreciation of plant and equipment	**57**	65
Depreciation of investment property	**68**	68
Finance costs	**49**	85
Bad debts directly written off	**62**	78
Impairment loss, net of reversal on trade receivables	**148**	73
Exchange difference	**(6)**	3
Operating cash flows before movement in working capital	**4,270**	5,499
Movements in working capital:		
Increase in trade and other receivables	**(981)**	(482)
Increase in trade and other payables	**1,491**	1,720
Decrease in contract liabilities	**(338)**	(603)
Cash generated from operations	**4,442**	6,134
Income tax paid	**(1,681)**	(235)
Net cash from operating activities	**2,761**	5,899
Investing activities		
Purchase of plant and equipment	**(16)**	(62)
Deposit paid for purchase of plant and equipment	**(493)**	–
Advances to shareholders	**–**	(1,087)
Net cash used in investing activities	**(509)**	(1,149)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	2019 S$'000	2018 S$'000
Financing activities		
Repayment of bank borrowings	**(120)**	(106)
Interest paid	**(49)**	(85)
Dividends paid	**—**	(2,940)
Proceeds from issuance of shares under share offer (Note 1)	**5,316**	—
Transaction cost directly attributable to issuance of shares (Note 2)	**(1,332)**	—
Deferred share issue costs paid	**—**	(231)
Net cash from/(used in) financing activities	**3,815**	(3,362)
Net increase in cash and cash equivalents	**6,067**	1,388
Cash and cash equivalents at beginning of the year	**3,724**	2,332
Effect of foreign exchange rate changes	**(3)**	4
Cash and cash equivalents at end of the year	**9,788**	3,724

Note 1: The total proceeds from issuance of shares amounting to S$22,567,000 and a portion of it amounting to S$17,251,000 remains unsettled and is recognised as other receivables as at 30 June 2019. The related disclosure on the other receivables is included in Note 19 to the consolidated financial statements.

Note 2: The movement in the deferred share issue costs during the year of S$480,000 is set off against the share premium recognised upon the completion of the share offer.

See accompanying notes to consolidated financial statements.

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 the Hong Kong Limited (the "Stock Exchange") with effect from 26 June 2019.

The Company is an investment holding company and its major operating subsidiary, Activa Media (S) is principally engaged in the provision of marketing services as set out in Note 32 to the consolidated financial statements.

The consolidated financial statements are presented in Singapore dollars ("S$"), which is also the functional currency of the Company.

The consolidated financial statements are approved by the Board of Directors of the Company on 24 September 2019.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Before the completion of the reorganisation as mentioned below ("the Reorganisation"), Ms. Teo Li Lian ("Ms. L Teo") and Mr. Teo Kuo Liang ("Mr. V Teo) (collectively the "Controlling Shareholders") each beneficially owned 50% of the issued share capital of Activa Media (S), Activa Media Consultancy and Activa Media (M), three operating subsidiaries of the Group, respectively.

In preparing for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited, the companies comprising the Group underwent a group reorganisation as set out below:

(i) On 8 November 2017, Activa Media (BVI) was incorporated in the British Virgin Islands with limited liability with authorised shares of 50,000 shares of a single class with a par value of US$1.00 per share. No subscriber share was allotted or issued on the date of incorporation. On 17 November 2017, one subscriber share was allotted and issued as fully paid to Activa Media Investment Limited ("Activa Media Investment"), which is owned by the Controlling Shareholders, at par;

(ii) On 7 December 2017, the Company was incorporated as an exempted company with limited liability and the initial one nil-paid subscriber share was issued to the initial subscriber (Conyers Trust Company (Cayman) Limited, a subscriber arranged by the corporate services company who incorporated the Company) and transferred to Activa Media Investment at nil-paid on the same date. The authorised share capital of the Company was HK$380,000 divided into 38,000,000 shares of HK$0.01 each at the time of incorporation;

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS – *continued*

(iii) On 31 March 2018, Ms. L Teo and Mr. V Teo transferred their respective shareholding interest in Activa Media (S) to Activa Media (BVI) in consideration of Activa Media (BVI) allotting and issuing 1 share to Activa Media Investment credited as fully paid and Activa Media Investment allotting and issuing 1 share to each of Ms. L Teo and Mr. V Teo, credited as fully paid;

(iv) On 31 March 2018, Ms. L Teo and Mr. V Teo transferred their respective beneficial shareholding interest in Activa Media Consultancy to Activa Media (BVI) in consideration of Activa Media (BVI) allotting and issuing 1 share to Activa Media Investment credited as fully paid and Activa Media Investment allotting and issuing 1 share to each of Ms. L Teo and Mr. V Teo, credited as fully paid;

(v) On 31 March 2018, Ms. L Teo and Mr. V Teo, transferred their respective beneficial shareholding interest in Activa Media (M), including 2% equity interests in Activa Media (M) held by two individuals in trust for Ms. L Teo and Mr. V Teo, to Activa Media (BVI) in consideration of Activa Media (BVI) allotting and issuing 1 share to Activa Media Investment credited as fully paid and Activa Media Investment allotting and issuing 1 share to each of Ms. L Teo and Mr. V Teo, credited as fully paid; and

(vi) On 3 June 2019, Activa Media Investment transferred its entire shareholding interest in Activa Media (BVI) to the Company in consideration of the Company allotting and issuing 99 shares to Activa Media Investment, credited as fully paid and the initial share held by Activa Media Investment.

Upon the completion of the Reorganisation on 3 June 2019, the Company became the holding company of the subsidiaries now comprising the Group.

As details above, the Reorganisation involves interspersing investment holding companies (including the Company and Activa Media (BVI)) between Activa Media (S), Activa Media Consultancy and Activa Media (M) and the Controlling Shareholders. Since the Controlling Shareholders' interests in Activa Media (S), Activa Media (M) and Activa Media Consultancy are the same before and after the Reorganisation, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as continuing entity, accordingly, the consolidated financial statements have been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the two years ended 30 June 2019, or since their respective dates of incorporation, whichever is a shorter period.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

At the date of this report, the Group has applied the following new and amendments to IFRSs that have been issued for the first time in current year:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014–2016 Cycle
Amendments to IAS 40	*Transfers of Investment Property*

The application of the new and amendments to IFRSs and Interpretations in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements, except as noted below:

For the purpose of preparing and presenting the consolidated financial statements for the year ended 30 June 2019, the Group has consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting period beginning on 1 July 2018 (including IFRS 15 *Revenue from Contracts with Customers*) throughout the two years ended 30 June 2019, except that the Group adopted IFRS 9 *Financial Instruments* on 1 July 2018 and IAS 39 *Financial Instruments: Recognition and Measurement* during the year ended 30 June 2018. The application of IFRS 9 on 1 July 2018 has no impact on the consolidated statement of financial position of the Group with regard to classification and measurement of financial instruments nor has any material additional impairment been recognised upon application of expected loss approach as at same date. The accounting policies for revenue recognition under IFRS 15 and financial instruments under IFRS 9 are set out in Note 4 below.

New and amendments to IFRSs in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 16	*Leases*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IAS 1 and IAS 8	*Definition of Material*[3]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2020.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") – *continued*

The directors of the Company consider that the application of the other new and amendments to IFRSs is unlikely to have a material impact on the consolidated financial statements as well as disclosure, except as noted below:

IFRS 16 *Leases*

IFRS 16 provides a comprehensive model for the identification of lease arrangements and the accounting treatments in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group and upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature as appropriate.

Under IAS 17, the Group has already recognised prepaid lease payments for leasehold lands (included in investment property) where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") — *continued*

IFRS 16 *Leases* — *continued*

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of S$29,000 as disclosed in Note 26. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16.

In addition, the Group currently considers refundable rental deposits paid of S$31,000 and refundable rental deposits received of S$33,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The directors of the Company assess that such changes and expect such changes would increase the consolidated assets and consolidated liabilities of the Group, but would not have a material impact on the financial position and financial performance of the Group upon adoption of IFRS 16.

The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

Except as described above, the directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the Group's performance and financial positions in future.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Company Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains controls until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's indefinable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses, from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is earlier.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Revenue recognition – *continued*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs; or
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue from search engine marketing services and social media marketing services to customers are recognised as a performance obligation satisfied over time. 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 search engine marketing services and social media marketing services is generally within 1 year. Revenue recognised from these services are based on a fixed fee.

Revenue from creative and technology services are recognised at a point in time when the websites or advertisements are available for the customers, because the Group has determined that control of the performance obligation has transferred to the customers (i.e., service performed) as the Group has the right to payment for its service and the customers have accepted its services. Revenues recognised from creative and technology services are based on a fixed fee.

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease and added to the carrying amount of the leased asset.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Singapore dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Retirement benefit costs

Payments to the Central Provident Fund ("CPF") in Singapore and Employees Provident Fund ("EPF") in Malaysia are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed as at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period in when the liability is settled or the asset is realised based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property is measured initially at cost, including directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of investment property less residual value over their estimated useful life, using the straight-line method. The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Impairment of tangible assets

At the end of reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments

Initial recognition under IAS 39 and IFRS 9

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Before the adoption of IFRS 9 on 1 July 2018

Financial assets

Classification of financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

Before the adoption of IFRS 9 on 1 July 2018 — continued

Financial assets — continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

Before the adoption of IFRS 9 on 1 July 2018 — continued

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amount due to a subsidiary and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

Before the adoption of IFRS 9 on 1 July 2018 — continued

Derecognition — continued

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

After the application of IFRS 9

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured subsequently at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

After the application of IFRS 9 — continued

Financial assets — continued

Financial assets at amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Interest income is recognised in profit or loss using the effective interest method and is included in the "other income" line item.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

After the application of IFRS 9 — continued

Financial assets — continued

Impairment of financial assets

Impairment of financial assets under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Group always recognises lifetime ECL for trade receivables and measures the lifetime ECL for portfolios of trade receivables that share similar economic risk characteristics. The ECL on these financial assets are estimated using an analysis of assets by risk level of customers and apply a probability-weighted estimate of the credit losses within the relevant risk type. The probability-weighted estimate of the credit losses is determined based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

After the application of IFRS 9 — continued

Financial assets — continued

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread or the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

After the application of IFRS 9 — continued

Financial assets — continued

Significant increase in credit risk — continued

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history); ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

After the application of IFRS 9 — continued

Financial assets — continued

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower; or

(b) a breach of contract, such as a default or past due event; or

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are past due over one year, whichever is earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

After the application of IFRS 9 — continued

Financial assets — continued

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

After the application of IFRS 9 — continued

Financial assets — continued

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification of financial liabilities and equity instruments

Financial liabilities and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination; (2) held-for-trading; or (3) designated measured as at FVTPL, are subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES — *continued*

Financial instruments — *continued*

After the application of IFRS 9 — continued

Financial assets — continued

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

Management is of the opinion that there was no critical judgement involved that have been a significant effect on the amounts recognised in the consolidated financial information.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Estimated impairment of trade receivables

In determining the recoverability of trade receivables, the management assesses the recoverable amount of each individual receivables at the end of the reporting period based on objective evidence such as default rates in prior years, historical payment pattern of customers, ageing profile of receivable balances, and settlements subsequent to year end.

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). When the actual future cash flows are less than expected, an impairment loss may arise.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY — *continued*

Key sources of estimation uncertainty — *continued*

Estimated impairment of trade receivables — continued

Starting from 1 July 2018, the Group uses provision matrix to calculate expected credit losses ("ECL") for the trade receivables. The provision matrix is based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision rate is based on the Group's historical default rates, taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 31 and 19, respectively.

As at 30 June 2019, the carrying amounts of trade receivables of the Group were approximately S$6,612,000 (2018: S$5,637,000) (Note 19).

6. REVENUE AND SEGMENT INFORMATION

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

	2019 **S$'000**	2018 S$'000
Search engine marketing services	**23,404**	22,043
Creative and technology services	**4,535**	3,776
Social media marketing services	**946**	735
	28,885	26,554

	2019 **$'000**	2018 $'000
Timing of revenue recognition:		
Over time:		
— Search engine marketing services	**23,404**	22,043
— Social media marketing services	**946**	735
	24,350	22,778
At point in time:		
— Creative and technology services	**4,535**	3,776
	28,885	26,554

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

6. REVENUE AND SEGMENT INFORMATION — *continued*

The Group provides search engine marketing services and social media marketing services to customers. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for these search engine marketing services and social media marketing services based on the stage of completion of the contract using input method. The Group generally requires customers to provide upfront payments of certain percentage of the contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract 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 does not allow credit terms for its customers.

The Group provides creative and technology services to customers. Such services are recognised at a point in time when the websites or services are available for the customers because the Group has determined that control of the performance obligation has transferred to the customers (i.e. service performed) as the Group has the right to payment for its service and customers have accepted its services. Revenue recognised from creative and technology services are based on a fixed fee. The Group generally bills its customers when services are performed and it does not allow credit terms for its customers.

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

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.

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

6. 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 segment.

Year ended 30 June 2018

	Search engine marketing services S$'000	Creative and technology services S$'000	Social media marketing services S$'000	Total S$'000
REVENUE				
External sales and segment revenue	22,043	3,776	735	26,554
RESULTS				
Segment profit	6,981	3,177	235	10,393
Unallocated other income				244
Other gains				11
Selling expenses				(1,293)
General and administrative expenses				(2,327)
Listing expenses				(1,816)
Finance costs				(85)
Profit before taxation				5,127

6. REVENUE AND SEGMENT INFORMATION — *continued*

Segment information — *continued*

Year ended 30 June 2019

	Search engine marketing services S$'000	Creative and technology services S$'000	Social media marketing services S$'000	Total S$'000
REVENUE				
External sales and segment revenue	23,404	4,535	946	28,885
RESULTS				
Segment profit	6,700	3,859	319	10,878
Unallocated other income				215
Other losses				(25)
Selling expenses				(1,077)
General and administrative expenses				(3,068)
Listing expenses				(2,982)
Finance costs				(49)
Profit before taxation				3,892

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by each segment without allocation of general and administrative expenses, selling expenses, finance costs, listing expenses, other income and other gains or losses. 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.

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.

6. REVENUE AND SEGMENT INFORMATION – *continued*

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:

	2019 S$'000	2018 S$'000
Singapore (country of domicile)	**24,952**	23,455
Malaysia	**3,933**	3,099
	28,885	26,554

Non-current assets by geographical location

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

	2019 S$'000	2018 S$'000
Singapore (country of domicile)	**3,664**	3,240
Malaysia	**13**	21
	3,677	3,261

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the year.

7. OTHER INCOME

	2019 S$'000	2018 S$'000
Government grants (Note)	**61**	48
Rental income	**118**	124
Others	**36**	72
	215	244

Note: The government grants mainly represent government grants received for employment of Singapore citizens.

8. OTHER GAINS OR LOSSES

	2019 S$'000	2018 S$'000
Net exchange (losses) gains	(25)	11

9. FINANCE COSTS

	2019 S$'000	2018 S$'000
Interest on bank borrowings	49	85

10. INCOME TAX EXPENSE

	2019 S$'000	2018 S$'000
Tax expense comprises:		
Current tax:		
— Singapore corporate income tax ("CIT")	1,153	1,071
— Malaysia corporate tax	114	107
Overprovision from prior years	(38)	(36)
Deferred tax (Note 18)	(32)	—
	1,197	1,142

Singapore CIT is calculated at 17% (2018: 17%) of the estimated assessable profit for the year.

Malaysia corporate tax is calculated at 17% (2018: 18%) for the first MYR500,000 of estimated assessable profit and 24% (2018: 24%) for the remaining estimated assessable profit for the year.

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

	2019 S$'000	2018 S$'000
Profit before taxation	3,892	5,127
Tax at Singapore CIT rate of 17%	662	872
Tax effect of income tax not taxable for tax purpose	(17)	(46)
Tax effect of different tax rate in foreign jurisdiction	23	22
Tax effect of expenses not deductible for tax purpose	567	330
Overprovision from prior years	(38)	(36)
	1,197	1,142

11. PROFIT FOR THE YEAR

	2019 S$'000	2018 S$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments (Note 12):		
Fees	9	–
Salaries, allowances and other benefits	968	744
Retirement benefit scheme contributions	64	52
	1,041	796
Other staff costs:		
Salaries, allowances and other benefits	2,343	2,327
Retirement benefit scheme contributions	309	295
Total staff costs	3,693	3,418
Auditors' remuneration	184	24
Minimum lease payments	124	130
Depreciation expenses:		
Investment property	68	68
Plant and equipment	57	65
Bad debts directly written off	62	78
Impairment loss, net of reversal on trade receivables	148	73
Gross rental income from an investment property	(118)	(124)
Less: direct operating expenses incurred for investment property that generated rental income during the year	68	68
	(50)	(56)

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Name	Position	Date of appointment as the directors of the Company
Ms. Teo Li Lian	Executive Director, Chairlady of the Board and Chief Executive officer	7 December 2017
Mr. Teo Kuo Liang	Executive Director	7 December 2017
Mr. Chung Kwok Hoe	Independent non-executive Director	3 June 2019
Mr. Tan Eng Ann	Independent non-executive Director	3 June 2019
Mr. Lee Shy Tsong	Independent non-executive Director	3 June 2019

Details of the emoluments paid or payable by the entities comprising the Group to the Directors and Chief Executive (including emoluments for the services as employees or directors of the entities comprising the Group prior to becoming directors of the Company) during the year for their services rendered to the entities comprising the Group are as follows:

Year ended 30 June 2018

	Fees S$'000	Salaries, allowances and other benefits S$'000	Retirement benefit scheme contributions S$'000	Total S$'000
Ms. Teo Li Lian	—	372	26	398
Mr. Teo Kuo Liang	—	372	26	398
	—	744	52	796

Year ended 30 June 2019

	Fees S$'000	Salaries, allowances and other benefits S$'000	Retirement benefit scheme contributions S$'000	Total S$'000
Ms. Teo Li Lian	—	493	32	525
Mr. Teo Kuo Liang	—	475	32	507
Mr. Chung Kwok Hoe	3	—	—	3
Mr. Tan Eng Ann	3	—	—	3
Mr. Lee Shy Tsong	3	—	—	3
	9	968	64	1,041

The Executive Directors' emoluments shown above were for their services in connection with the management affairs of the Company and the Group.

The Independent Non-Executive Directors' emoluments shown above were for their services as directors of the Company.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group for the year ended 30 June 2019 include two (2018: two) directors (details of whose emoluments are set out in Note 12 above). Details of the emoluments of the remaining three (2018: three) highest paid individuals for the year ended 30 June 2019 are as follows:

	2019	2018
	S$'000	S$'000
Salaries, allowances and other benefits	**430**	371
Retirement benefit scheme contributions	**48**	39
	478	410

The number of the highest paid employees who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	2019	2018
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	—
	3	3

During the year, no emoluments were paid by the Group to any of the directors or chief executive officer of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the chief executive officer, directors of the Company nor the five highest paid individuals waived any emoluments during the year.

14. DIVIDENDS

	2019 S$'000	2018 S$'000
Dividends declared	–	3,613

During the prior year, entities comprising the Group declared dividends of S$3,613,000 to the then shareholders. Dividends amounting to S$1,087,000 were paid through offsetting against the amounts due from shareholders during the year ended 30 June 2018. The remaining dividends payables amounted to S$2,940,000 were paid in cash during the year ended 30 June 2018.

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

No dividends have been paid or declared by the Company since its incorporation.

15. EARNINGS PER SHARE

	2019	2018
Profit attributable to the owners of the Company (S$'000)	2,695	3,985
Weighted average number of ordinary shares in issue ('000)	602,740	600,000
Basic and diluted earnings per share (Singapore cents)	0.4	0.7

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. The number of shares for the purpose of calculating basic earnings per share for the year ended 30 June 2018 is based on 600,000,000 shares, which were issued pursuant to the Group Reorganisation, excluding non-controlling shareholder's interest, and were deemed to have been issued since 1 July 2017.

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 2019 and 2018.

16. PLANT AND EQUIPMENT

	Leasehold improvements S$'000	Furniture and fixtures S$'000	Computers S$'000	Office equipment S$'000	Total S$'000
COST					
As at 1 July 2017	75	66	173	18	332
Additions	35	—	24	3	62
Disposals	—	(2)	(36)	—	(38)
As at 30 June 2018	110	64	161	21	356
Additions	—	—	16	—	16
As at 30 June 2019	**110**	**64**	**177**	**21**	**372**
ACCUMULATED DEPRECIATION					
As at 1 July 2017	19	18	155	7	199
Provided for the year	22	13	27	3	65
Eliminated on disposals	—	(2)	(36)	—	(38)
As at 30 June 2018	41	29	146	10	226
Provided for the year	20	10	24	3	57
As at 30 June 2019	**61**	**39**	**170**	**13**	**283**
CARRYING VALUES					
As at 30 June 2018	69	35	15	11	130
As at 30 June 2019	**49**	**25**	**7**	**8**	**89**

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20%
Furniture and fixtures	20%
Computers	50%
Office equipment	20%

17. INVESTMENT PROPERTY

	Leasehold property S$'000
COST	
As at 1 July 2017, 30 June 2018 and 2019	**3,397**
ACCUMULATED DEPRECIATION	
As at 1 July 2017	198
Provided for the year	68
As at 30 June 2018	266
Provided for the year	68
As at 30 June 2019	**334**
CARRYING VALUES	
As at 30 June 2018	3,131
As at 30 June 2019	**3,063**

The above investment property is a leasehold property located at 60 Paya Lebar Road, #11–52 Paya Lebar Square, Singapore 409051 and is depreciated over 50 years on a straight-line basis.

The Group's property interest is leased out under operating leases for lease terms of 3 years to earn rentals or for capital appreciation purposes. The property is measured using the cost model and is classified and accounted for as an investment property. The investment property is mortgaged to a bank to secure for bank loans as at 30 June 2018 and 2019 (Note 23).

As at 30 June 2019, the fair value of the investment property amounted to approximately S$3,320,000 (2018: S$3,340,000). The fair value has been arrived at based on a valuation carried out by Cushman & Wakefield Limited, independent valuer not related to the Group. Direct comparison approach has been adopted, in arriving the open market value for the year ended 30 June 2019. The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment property. In determining the fair value, the valuer has used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment property include price per square foot. In relying on the valuation report, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

In estimating the fair value of the property, the highest and best use of the property is their current use.

18. DEFERRED TAX ASSETS

The following is the major deferred tax assets recognised by the Group, and the movement thereon, during the current reporting period:

	Tax losses S$'000	Total S$'000
As at 1 July 2017 and 30 June 2018	—	—
Credit to profit or loss for the year (Note 10)	32	32
As at 30 June 2019	**32**	**32**

19. TRADE AND OTHER RECEIVABLES

	2019 S$'000	2018 S$'000
Current assets:		
Trade receivables	4,274	4,747
Less: Allowance for doubtful debts	(239)	(260)
	4,035	4,487
Unbilled revenue	2,577	1,150
	6,612	5,637
Deposits	39	38
Prepayments	88	45
Deferred share issue costs	—	480
Staff loans	140	70
Other receivables	17,254	321
Total	24,133	6,591
Non-current assets:		
Deposits	493	—
Total	493	—

The Group generally requires advance payments and deposits from customers and does not allow any credit period to its customers.

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.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

19. 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.

	2019 S$'000	2018 S$'000
Less than 30 days	**1,354**	1,358
31–60 days	**726**	745
61–90 days	**373**	758
Over 90 days	**1,582**	1,626
	4,035	4,487

Prior to 1 July 2018, the Group recognised the allowance for certain trade receivables which has been past due and considered as doubtful debts or irrecoverable by the management.

Movement in allowance for doubtful debts:

	2018 S$'000
At 1 July	267
Impairment losses recognised on receivables	73
Amount written off as uncollectible	(80)
At 30 June	260

Included in the Group's trade receivables balance as at 30 June 2018 with aggregate carrying amounts of S$4,487,000 which are past due at the reporting date for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

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.

Starting from 1 July 2018, the Group applied simplified approach to provide the expected credit losses (the "ECL") prescribed by IFRS 9. The impairment methodology is set out in Notes 4 and 31.

19. TRADE AND OTHER RECEIVABLES – *continued*

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers' 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 2019. Details of the credit risk assessment are included in Note 31.

Movement in lifetime ECL that has been recognised in accordance with simplified approach set out in IFRS 9 for the year ended 30 June 2019 is as follows:

	Credit impaired S$'000	Total S$'000
At the beginning of the year	260	260
Amounts charged to profit or loss	148	148
Written off	(169)	(169)
As at the end of the year	239	239

All of the above impairment losses are related to trade receivables arising from contracts with customers.

As at 30 June 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of S$4,035,000 which are past due as at the reporting date, of which S$2,453,000 has been past due but less than 90 days and S$1,582,000 has been past due 90 days or more. Management did not consider there balances as in default as those balances are mainly due from customers of good credit quality.

The movement for the year ended 30 June 2019, in lifetime ECL, has been recognised from trade receivables in accordance with the simplified approach set out in IFRS 9. During the year ended 30 June 2019, impairment loss of S$148,000 was recognised for credit-impaired trade receivables and no impairment loss was recognised for non-credit impaired trade receivables.

Included in other receivables amounting to S$17,251,000 relates to amount receivable from the sole global co-ordinator to the share offer of the Company in relations to the proceeds from issuance of shares which was received after the end of the reporting period.

An upfront deposit was made to a vendor for an acquisition of a plant and equipment which is expected to be delivered after the end of the reporting period.

20. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rate of nil per annum as at 30 June 2018 and 2019. The directors of the Company consider that the ECL for bank balances is insignificant as at 30 June 2019.

21. TRADE AND OTHER PAYABLES

	2019	2018
	S$'000	S$'000
Trade payables	**2,746**	2,873
Accrued expenses	**211**	190
Accrued listing expenses/share issue costs	**1,851**	1,129
Deposits received	**243**	217
Goods and services tax payables	**355**	395
Other payables	**1,042**	153
	6,448	4,957

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

	2019	2018
	S$'000	S$'000
1 to 30 days	**1,373**	1,501
31 to 60 days	**1,367**	1,372
61 to 90 days	**3**	—
91 to 120 days	**3**	—
	2,746	2,873

22. 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:

	2019 S$'000	2018 S$'000
At the beginning of year	**3,421**	4,024
Receipt from customers upon entering sales contracts during the year	**24,010**	22,175
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(3,421)**	(4,024)
Revenue recognised during the year that was related to receipt from customers in the same year	**(20,927)**	(18,754)
As at end of year	**3,083**	3,421

When the Group receives a deposit before the services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives a 25% deposit before services commence.

23. BANK BORROWINGS

	2019 S$'000	2018 S$'000
Bank borrowings — secured and guaranteed	**2,234**	2,354
Carrying amount of the above borrowings that are variable-rate and repayable:		
Within one year	**122**	124
More than one year but not exceeding two years	**103**	124
More than two years but not exceeding five years	**326**	319
More than five years	**1,683**	1,787
	2,234	2,354
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(122)**	(124)
Amount due for settlement after 12 months	**2,112**	2,230

The bank borrowings are guaranteed by the Controlling Shareholders and secured by the investment property of the Group. The Group is in the midst of arranging for the personal guarantee given by the Controlling Shareholders to be released and to be replaced by a corporate guarantee given by the Company.

23. BANK BORROWINGS – *continued*

The variable-rate bank borrowings carry interests at certain basis points below the bank's prime lending rate per annum.

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's bank borrowings are as follows:

	2019	2018
Effective interest rate:		
Variable-rate borrowings	**1.68%–2.48%**	1.68%–6.50%

24. SHARE CAPITAL

For the purpose of presenting the share capital of the Company prior to the Group Reorganisation in the consolidated statement of financial position, the balance as at 1 July 2018 represented the share capital of AM Group Holdings Limited as the Company was incorporated in the Cayman Islands on 7 December 2017.

The Company was successfully listed on the Main Board of the Stock Exchange on 26 June 2019 by way of placing of 180,000,000 ordinary shares and public offer of 20,000,000 new shares at the price of HK$0.65 per share. All issued shares rank pari passu in all respect with each other.

	Number of shares	**Par value**	**Share capital**
		HK$	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	**10,000,000,000**	**0.01**	**100,000**

	Number of shares	**Share capital**
		S$'000
Issued and fully paid of the Company:		
At date of incorporation on 7 December 2017[i]	1	–
Issue of shares pursuant to Group 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 30 June 2019	**800,000,000**	**1,389**

24. SHARE CAPITAL – *continued*

(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.

(ii) On 3 June 2019, the authorised share capital of the Company has increased from HK$380,000 divided into 38,000,000 shares to HK$100,000,000 divided into 10,000,000,000 shares by 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. L Teo, Mr. V Teo and 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 (BVI) 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 were issued and fully paid, increased to 800,000,000 by issuing 200,000,000 new shares from public 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$22,567,000) with listing expenses of approximately S$1,812,000 charged to share premium. On the same date, the issued shares were successfully listed on the Main Board of the Stock Exchange.

25. SHARE PREMIUM

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

26. OPERATING LEASE COMMITMENTS

The Group as lessee

	2019 S$'000	2018 S$'000
Minimum lease payments paid under operating leases during the year	**124**	130

At the end of the reporting period, the Group had outstanding for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 S$'000	2018 S$'000
Within one year	**19**	107
In the second to fifth year inclusive	**10**	–
	29	107

Operating lease payments represent rentals payable by the Group for its office premises. Lease terms are negotiated and rentals are fixed for an average of 2 years.

26. OPERATING LEASE COMMITMENTS — *continued*

The Group as lessor

	2019 S$'000	2018 S$'000
Rental income	**118**	124

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	2019 S$'000	2018 S$'000
Within one year	**130**	106
In the second to fifth year inclusive	**260**	—
	390	106

27. CAPITAL COMMITMENT

	2019 S$'000	2018 S$'000
Commitments for the acquisition of plant and equipment	**493**	—

28. RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. The Group's contribution rates are up to 17% of the eligible employees' salaries, with each employee's qualifying salary capped at S$6,000 per month.

As prescribed by the Employees' Provident Fund Act 1991 of Malaysia, the Group's employees employed in Malaysia who are Malaysia Citizens, Permanent Residents or non-Malaysian citizens are required to join the EPF scheme. The Group contributed up to 13% of the eligible employees' salaries to the EPF scheme.

The total costs charged to profit and loss, amounted to S$373,000 (2018: S$347,000) for the year ended 30 June 2019, represent contributions paid to the retirement benefits scheme by the Group.

29. RELATED PARTY TRANSACTIONS

Apart from disclosure elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

Name	Relationship	Nature of transaction	2019 S$'000	2018 S$'000
House of Seafood	Common director and shareholder	Sales	–	74
House of Seafood	Common director and shareholder	Rental income	–	12
Active Visual Pte Ltd	Common director and shareholder	Sales	–	39
AMPH Advertising Agency Inc.	Common director and shareholder	Sales	–	713
Teo Li Lian	Chairlady, Executive Director and controlling shareholder	Rental expense	49	53
Teo Kuo Liang	Executive Director and controlling shareholder	Rental expense	49	52

The directors of the Company had given personal guarantees to a bank for the facilities granted for the use by the Group. The Group is in the midst of arranging for personal guarantee given by the Controlling Shareholders to be released and to be replaced by a corporate guarantee given by the Company.

Compensation of key management personnel

The directors of the Company were considered to be the key management personnel of the Company. The remuneration of the directors of the Company is set out in Note 12. The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders through the optimisation debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings as set out in Note 23, net of cash and cash equivalents and equity of the Group, comprising issued share capital, share premium and reserves.

The management reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts.

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 S$'000	2018 S$'000
Financial assets		
Amortised cost/Loans and receivables (including cash and cash equivalents)	**33,833**	9,790
Financial liabilities		
Amortised cost	**8,327**	6,916

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see Note 23 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank's commercial financing rate in Singapore arising from the Group's borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank borrowings are used represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 30 June 2019 would decrease/increase by S$11,000 (2018: S$12,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

31. FINANCIAL INSTRUMENTS — *continued*

(b) Financial risk management objectives and policies — *continued*

Currency risk

Currency risk arises from transactions denominated in currencies other than the functional currency of the subsidiaries. The currency that gives rise to significant currency risk is primarily Hong Kong dollar.

The Group's currency risk exposure based on the information provided to key management is as follows:

	Hong Kong dollar S$'000
As at 30 June 2019	
Total financial assets	21,691
Total financial liabilities	(707)
Net financial assets	20,984
Less:	
Net financial assets denominated in the respective subsidiary's functional currency	–
Currency exposure of financial assets net of those denominated in the respective subsidiary's functional currency	20,984

Sensitivity analysis

Assuming that all other variables remain constant at year end, a 5% depreciation/appreciation of the S$ against HK$ would result in an increase/decrease in the Group's post-tax profit for the year of approximately S$1,049,000 for the year ended 30 June 2019. 5% is the sensitivity rate used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The Group monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

The Group was not exposed to currency risk for the year ended 30 June 2018 as the financial assets and financial liabilities were mainly denominated in the functional currency of the subsidiaries. The movement in foreign exchange rate has no significant impact on the results of the Group. Accordingly, no sensitivity analysis was prepared.

31. FINANCIAL INSTRUMENTS — *continued*

(b) Financial risk management objectives and policies — *continued*

Credit risk

Under IAS 39 and IFRS 9

The Group's concentration of credit risk by geographical locations is mainly in Singapore, Hong Kong and Malaysia, which accounted for 32% (2018: 80%), 64% (2018: Nil%) and 4% (2018: 20%) of the total financial assets as at 30 June 2019.

At the end of reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group generally requires advanced payments from customers and does not allow credit term to its customers and it has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and sufficient allowance on doubtful debts are provided for on timely manner. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on bank deposits placed in three (2018: two) banks in which the counterparties are financially sound, the Group has no significant concentration of credit risk with exposure spread over a number of counterparties.

Under IFRS 9

Starting from 1 July 2018, the Group reassess the lifetime ECL for trade receivables and the 12-month ECL for other receivables and bank balances at the end of each reporting period to ensure that adequate impairment losses are made for significant increases in the likelihood or risk of a default occurring since initial recognition. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

In order to minimise credit risk, the Group generally required advanced payments from customers and has delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to the degree of risk of default of the debtors. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit quality of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

31. FINANCIAL INSTRUMENTS — *continued*

(b) Financial risk management objectives and policies — *continued*

Credit risk — continued

Under IFRS 9 — continued

The Group's current credit risk grading framework for trade and other receivables comprises the following categories:

Category	Description	Basis for recognising ECL for trade and other receivables
Low risk	The counterparty has a low risk of default and with amounts past due within 60 days	Lifetime ECL — not credit impaired for trade receivables 12m ECL — not credit impaired for other receivables
Watch list	Debtors frequently repays after due dates and with amounts past due over 60 days	Lifetime ECL — not credit impaired
Loss	There is evidence indicating the asset is credit impaired	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty	Amount is written off and the Group has no realistic prospect of recovery

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. To measure the expected credit losses, trade receivables (including unbilled revenue) has been grouped based on shared credit risk characteristics. The loss allowance provision as at 30 June 2019 is disclosed in Note 19.

				Lifetime ECL
	Internal credit rating	Weighted average loss rate	Gross carrying amount S$'000	Credit impaired S$'000
Trade receivables	Low risk	0%	4,655	—
	Watch list	0%	1,957	—
	Loss (credit impaired)	100%	239	239
			6,851	239

For bank balances, the Group has assessed and concluded that the expected credit loss rate for these balances is immaterial based on the Group's assessment on the risk of the default of the counterparties. Thus, no loss allowance provision for the amounts is recognised as at 30 June 2019.

31. FINANCIAL INSTRUMENTS — *continued*

(b) Financial risk management objectives and policies — *continued*

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows of the Group.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate the undiscounted amount is derived from contracted interest rate curve at the end of each reporting period.

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	S$'000	S$'000	S$'000	S$'000	S$'000
As at 30 June 2019						
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	—	6,093	—	—	6,093	6,093
Interest bearing						
Variable-rate bank loans	2.21	173	843	2,240	3,256	2,234
		6,266	843	2,240	9,349	8,327
As at 30 June 2018						
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	—	4,562	—	—	4,562	4,562
Interest-bearing						
Variable-rate bank loans	4.79	167	803	2,435	3,405	2,354
		4,729	803	2,435	7,967	6,916

31. FINANCIAL INSTRUMENTS — *continued*

(c) Fair value

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

32. PARTICULARS OF SUBSIDIARIES

As at the date of this consolidated financial statements, the Company has direct equity interests in the following subsidiaries:

Name of subsidiary	Place, the date of incorporation/ operation	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company as at		Principal activities	Notes
			2019	2018		
			%	%		
Directly held:						
Activa Media (BVI)	BVI 8 November 2017	US$4.00	**100**	100	Investment holding	(a)
Indirectly held:						
Activa Media (S)	Singapore 22 June 2005	S$200,000	**100**	100	Provision of online marketing services	(b)
Activa Media Consultancy	Singapore 1 April 2014	S$20,000	**100**	100	Provision of creative and technology services	(c)
Activa Media (M)	Malaysia 21 October 2009	MYR100	**100**	100	Provision of online marketing services	(d)

All subsidiaries now comprising the Group are limited liability companies.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes:

(a) No audited financial statements of Activa Media (BVI) have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

(b) The statutory financial statements of Activa Media (S) for the years ended 30 June 2018 and 2019 were prepared in accordance with Singapore Financial Reporting Standards issued by Accounting Standards Council in Singapore and were audited by Deloitte & Touche LLP, a firm of certified public accountants registered in Singapore.

32. PARTICULARS OF SUBSIDIARIES — *continued*

Notes: — continued

(c) The statutory financial statements of Activa Media Consultancy for the year ended 31 March 2018 was prepared in accordance with Singapore Financial Reporting Standards issued by Accounting Standards Council in Singapore and were audited by GohThienChee & Co, a firm of certified public accountants registered in Singapore. The statutory financial statements of Activa Media Consultancy for the year ended 31 March 2019 has not yet been prepared as these statutory financial statements are not yet due for filing.

(d) The statutory financial statements of Activa Media (M) for the years ended 31 December 2018 were prepared in accordance with Malaysian Private Entities Reporting Standards and were audited by STYL Associates, Chartered Accountants in Malaysia. The statutory financial statements of Activa Media (M) for the year ending 31 December 2019 has not yet been prepared as these statutory financial statements are not yet due for filing.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings S$'000	**Dividend payable** S$'000	**Accrued share issue costs** S$'000	**Total** S$'000
At 1 July 2017	2,460	414	—	2,874
Financing cash flows	(191)	(2,940)	(231)	(3,362)
Non-cash changes:				
Share issue costs accrued	—	—	428	428
Finance cost recognised (Note 9)	85	—	—	85
Dividend declared (Note 14)	—	3,613	—	3,613
Offsetting arrangement (Note 14)	—	(1,087)	—	(1,087)
At 30 June 2018	**2,354**	**—**	**197**	**2,551**
Financing cash flows	**(169)**	**—**	**480**	**311**
Non-cash changes:				
Share issue costs accrued	**—**	**—**	**(677)**	**(677)**
Finance cost recognised (Note 9)	**49**	**—**	**—**	**49**
At 30 June 2019	**2,234**	**—**	**—**	**2,234**

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 S$'000
ASSETS AND LIABILITIES	
Non-current asset	
Investment in a subsidiary	–
Current assets	
Trade and other receivables	17,265
Bank balances and cash	4,441
	21,706
Current liabilities	
Trade and other payables	1,900
Amount due to a subsidiary	4,009
	5,909
Net current assets	15,797
Total assets less current liabilities, representing net assets	15,797
Equity	
Capital and reserves	
Share capital	1,389
Share premium	19,366
Reserves	(4,958)
Equity attributable to owners of the Company	15,797

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY — *continued*

A summary of the Company's reserves is as follows:

	Accumulated losses S$'000	Total S$'000
At 7 December 2017 (date of incorporation)	—	—
Loss and total comprehensive expense for the period	(1,816)	(1,816)
At 30 June 2018	**(1,816)**	**(1,816)**
Loss and total comprehensive expense for the period	**(3,142)**	**(3,142)**
At 30 June 2019	**(4,958)**	**(4,958)**

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published financial statements, is set out as below:

RESULTS

	Years ended 30 June			
	2019	2018	2017	2016
	S$'000	S$'000	S$'000	S$'000
Revenue	**28,885**	26,554	20,732	17,248
Profit before tax	**3,892**	5,127	3,769	3,303
Income tax expenses	**(1,197)**	(1,142)	(527)	(447)
Profit for the year	**2,695**	3,985	3,242	2,856
Total comprehensive income for the year	**2,686**	3,992	3,257	2,891

ASSETS AND LIABILITIES

	Years ended 30 June			
	2019	2018	2017	2016
	S$'000	S$'000	S$'000	S$'000
Total assets	**37,598**	13,576	11,693	10,111
Total liabilities	**12,994**	12,413	10,909	9,399
Net assets	**24,604**	1,163	784	712
Total equity	**24,604**	1,163	784	712