2021 ANNUAL REPORT

AM GROUP HOLDINGS LIMITED

秀商時代控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 1849

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Teo Li Lian *(Chairlady and Chief Executive Officer)*
Mr. Teo Kuo Liang
Mr. Mu Lei (appointed on 29 January 2021)

NON-EXECUTIVE DIRECTOR

Mr. Shi Lizhi (appointed on 16 March 2021)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Kwok Hoe
Mr. Lee Shy Tsong
Ms. Zhang Hong (appointed as a non-executive director on 22 September 2020 and re-designated as an independent non-executive director on 19 January 2021)

AUDIT COMMITTEE

Mr. Chung Kwok Hoe *(Chairman)*
Mr. Lee Shy Tsong
Ms. Zhang Hong

REMUNERATION COMMITTEE

Mr. Lee Shy Tsong *(Chairman)*
Ms. Teo Li Lian
Mr. Chung Kwok Hoe
Ms. Zhang Hong

NOMINATION COMMITTEE

Mr. Chung Kwok Hoe *(Chairman)*
Mr. Lee Shy Tsong
Ms. Zhang Hong

COMPANY SECRETARY

Ms. Chui Lee Lee

AUTHORISED REPRESENTATIVES

Ms. Teo Li Lian
Ms. Chui Lee Lee

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

60 Paya Lebar Road
#12–51/52
Paya Lebar Square
Singapore 409051

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31st Floor
148 Electric Road
North Point
Hong Kong

INDEPENDENT AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CORPORATE INFORMATION (CONTINUED)

PRINCIPAL BANKERS

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

Singapore
United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

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

COMPANY WEBSITE

http://www.amgroupholdings.com/

LISTING INFORMATION

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

CHAIRLADY'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of AM Group Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the annual report of the Company for the year ended 30 June 2021 (the "Year" or "FY2021").

FY2021 was undoubtedly a challenging one to markets around the world, as well as the digital marketing and advertising industry; fuelled by the global outbreak of the novel coronavirus (COVID-19) pandemic.

With COVID-19 forcing many businesses to operate remotely, business meetings and sales appointments have been affected, advertising budgets have been cut, and marketing campaigns have been put on hold — all of which has had an adverse impact on the Group's revenue and profitability.

In order to mitigate the financial impact, the Group decisively acquired a group of subsidiaries: Majestic State International Limited ("MSIL") and its subsidiaries (collectively, the "MSIL Group"). MSIL Group is principally engaged in the operation of e-commerce platforms based on an innovative business model featuring an Internet Mall along with real-time internet broadcasting and short-form mobile videos on their very own mobile applications.

With MSIL's acquisition, the Group effectively expanded and diversified our operations, which we believe will generate more returns to our shareholders.

In that regard, the Group's revenue for FY2021 stood at S$54.4 million; compared to S$24.7 million for the year ended 30 June 2020 ("FY2020"). This includes MSIL's contributions, which accounted for S$31.1 million.

Accordingly, the Group's profit attributable to owners of the Company for the Year stood at S$7.73 million, compared to S$2.48 million in the previous year. Similarly, this includes MSIL's contributions.

Indeed, it has shown that the acquisition was a right and profitable move for the Group, especially amidst the current grim economic outlook.

Apart from this, the Group also disposed of 18% shareholding in a wholly-owned subsidiary, Activa Media Holdings Limited. The net proceeds from this disposal, amounting to approximately S$2.2 million, will be strategically channeled towards the general working capital purposes of the Group.

Despite the year ahead still being rather uncertain as countries rush to vaccinate and keep COVID-19 under control, the Group believes that the worst has most likely already passed: with Singapore having achieved a high 78% vaccination rate at the time of writing, the Government has gradually eased social and working restrictions, allowing businesses much-needed relief. This in turn will allow companies to resume normal levels of investment in their online marketing and promotional activities — the industry in which the Group is primarily engaged in.

The Group is also carefully adhering to Government guidelines as it allows staff to gradually transit back to working in the office on a split-team basis, fostering greater collaboration and efficiency while being cognizant to safety and cleanliness.

CHAIRLADY'S STATEMENT (CONTINUED)

Looking ahead, the Group will continue to further enhance its position in the digital marketing industry, both locally and regionally. This includes consolidating, upgrading and allocating our resources efficaciously, leveraging upon our strengths, identifying promising investments, and continually investing in research and development (R&D) in order to stay ahead of the curve. In fact, on top of our existing call tracking technology (AM-Track) and AI-driven ads bidding platform (AM+), we currently have three other exciting technologies in the pipelines, all done with the aim of never resting on our laurels and always wanting to give more to our customers and shareholders.

Finally, on behalf of the Board, I would like to express my gratitude to all our staff for their tireless contributions to the growth of the Group. I also wish to give a big thank you to our shareholders, customers and business partners, for always believing in us and supporting us through every season.

Ms. Teo Li Lian
Chairlady

Singapore, 30 September 2021

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Teo Li Lian (Zhang Lilian) (張麗蓮) ("Ms. L Teo"), aged 42, 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 certain subsidiaries of the Company.

Ms. L Teo is an entrepreneur with close to 16 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 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, an executive Director of our Company.

Mr. Teo Kuo Liang (Zhang Guoliang) (張國良) ("Mr. V Teo"), aged 40, 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 certain subsidiaries of the Company.

In his close to 16 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.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Mu Lei (牟雷) ("Mr. Mu"), aged 41, was appointed as an executive Director on 29 January 2021. He has over 15 years of management and internet/e-business experience gained from working in a number of companies of different industries in the People's Republic of China (the "PRC"), which included tourism, living service, health care and supply chain finance. Mr. Mu joined 秀商時代(重慶)科技有限公司 (Show Times (Chongqing) Technology Co. Ltd.*) ("Show Times") in September 2019 as its chief executive officer. Mr. Mu is also a director of Show Times. Show Times is a limited liability company established in the PRC which is 98%-owned by Mr. Mu. Show Times has entered into a series of business collaboration agreements (the "Business Collaboration Agreements") with Show Times (Chongqing) Network Service Limited which is wholly owned by Show Times (Hong Kong) Limited. Through the Business Collaboration Agreements, Majestic State International Limited ("Majestic State"), a 80%-owned subsidiary of the Company, has obtained rights to have effective control over the operation of Show Times and the right to enjoy the economic benefits in the business and/or asset of Show Times, and that Show Times is accounted for as a wholly-owned subsidiary of Majestic State in which its financial results be consolidated with that of Majestic State and its subsidiaries through the Business Collaboration Agreements. Hence, Show Times is an indirectly non-wholly owned subsidiary of the Company. Mr. Mu also holds 98% of the entire issued share capital of ROC Arise Holdings Limited which in turn holds 20% of the entire issued share capital of Majestic State. Mr. Mu is the sole director of Majestic State and the legal representative and the chief executive officer of Show Times (Chongqing) Network Service Limited. Since May 2020, Mr. Mu is the sole director of Show Times (Hong Kong) Limited which is wholly owned by Majestic State. During December 2016 to August 2019, Mr. Mu prepared and planned related business operations and market development of Show Times. Mr. Mu was the chief operating officer of EasyCloud Health Co., Ltd. from September 2014 to November 2016, the marketing director/principal of South China Branch of Beijing Yitao Unlimited Network Technology Co. Ltd. from April 2013 to August 2014 and the marketing director of dianping.com from April 2008 to March 2013. He was the regional sales manager of Ctrip.com from October 2002 to April 2008. Mr. Mu graduated from Xidian University in the PRC with a bachelor's degree in finance.

Non-executive Director

Mr. Shi Lizhi (師立志) ("Mr. Shi"), aged 41, was appointed as a non-executive Director on 16 March 2021. He has about 20 years of marketing and business management experience gained from working in a number of companies of different industries in the PRC. Mr. Shi joined Show Times, an indirect non-wholly owned subsidiary of the Company, in May 2020 as its vice president of marketing. Mr. Shi is also a supervisor of Show Times and holds 2% shareholding of Show Times. Mr. Shi was a vice president of marketing of 大龍網絡科技信息有限公司 (Osell Network Technology Information Co., Ltd.*) from April 2012 to March 2015, a general manager of 道奕文化(上海)傳媒有限公司 (Daoyi Culture (Shanghai) Media Co., Ltd.*) from March 2015 to March 2018 and a general manager of 四川盛世百合葡萄酒有限公司 (Sichuan Shenshibaihe Wine Co., Ltd.*) from March 2018 to April 2020. Mr. Shi obtained his diploma in information management and information system in the PRC.

* *The English translation of the Chinese name has been provided for identification purpose only.*

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Independent Non-executive Directors

Mr. Chung Kwok Hoe (曾國豪) ("Mr. Chung"), aged 43, was appointed as an independent non-executive Director (the "INED") on 3 June 2019. Currently, he is the chairman of the nomination committee of the Board (the "Nomination Committee") and the audit committee of the Board (the "Audit Committee"), and a member of the Remuneration Committee.

Mr. Chung has over 17 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. Lee Shy Tsong ("Mr. Lee"), aged 50, 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 24 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.

Ms. Zhang Hong (張虹) ("Ms. Zhang"), aged 54, was appointed as a non-executive Director on 22 September 2020 and was re-designated from the non-executive Director to an INED and appointed as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, with effect from 19 January 2021. She has about 20 years of management experience gained from working in the cultural and education sectors in the PRC. She joined Star Show (Xiamen) Cultural Creativity Co., Ltd. in August 2019 as its chairlady of the board of directors. Ms. Zhang was the general manager of Shanghai Life of Garden Network Culture Co., Ltd. from April 2014 to March 2019, the chairlady of the board of directors of Shanghai Jihong Education Information Consulting Co., Ltd. from May 2009 to March 2014 and the general manager of Satir Center (Shanghai) Culture Co., Ltd. from July 2002 to May 2009. Ms. Zhang graduated from Tongji University in the PRC with a master of business administration degree.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

SENIOR MANAGEMENT

Ms. Lai Pei Shi (賴佩詩), aged 34, is the chief financial officer of our Group. She joined our Group in September 2016 as Finance Manager and is responsible for overall accounting and financial management of our Group. She has over twelve years of experience in accounting and financial management.

She obtained an advanced Diploma in Financial Accounting from Tunku Abdul Rahman University College in Malaysia in July 2009. She is qualified as a chartered accountant of Singapore and has been admitted as a member of the Institute of Singapore Chartered Accountants since May 2016. She is also an affiliate, a member of Association of Chartered Certified Accountants since January 2014.

Ms. Wong Wan Ping (黃婉屏), aged 34, 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 eleven 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 37, 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 clients of our Group and has approximately eleven 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 Australia in August 2009.

Mr. Lee Wee Chyun (李偉群), aged 30, 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 client development and sales activities for our Group and has over six 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 Singapore in June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

1. INTRODUCTION

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

With the inclusion of our newly-acquired subsidiaries in the past year — Majestic State International Limited and its subsidiaries (collectively, the "MSIL Group") — our services now stretch into the burgeoning Chinese market, where we are engaged in the operation of e-commerce platforms, real-time broadcasting, short-form mobile videos and applications.

Established in 2005, we were one of the earliest players in the budding field of digital marketing as we set out with the simple yet ambitious goal of wanting to create value for small and medium enterprises through an effective, personalised and comprehensive digital strategy.

In the 16 years that followed, we have amassed significant industry know-hows, strategic partnerships and numerous industry awards as well as our very own proprietary technologies, with more in the works.

Now into our third year listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), we will continue to enhance, expand and diversify our services, and constantly provide better value to our customers and shareholders.

2. BUSINESS OVERVIEW AND PROSPECTS

The past year has no doubt been a challenging one, due to the COVID-19 pandemic significantly disrupting businesses and individuals around the world. Our industry was greatly affected too, as businesses scrambled to cut marketing budgets and paused various promotional campaigns.

However, unlike industries such as tourism and aviation which practically ground to a halt, online marketing and advertising remained essential, as consumers and businesses — now forced to work remotely and limit social outings — had to pivot online more than ever before.

While a robust online presence may not fully make up for losses resulting from lost footfall, event restrictions and global supply trade disruptions, it certainly helped mitigate the impact; and we have helped many customers take this time to upgrade their websites, promote their services more actively on social media, set up and promote new teleconsultation services, and so on.

Most notably, the acquisition of the MSIL Group in the last year was instrumental in significantly contributing to our revenue and profit. In that regard, the Group will continue to identify promising and high-quality investments locally and regionally, so as to further expand the Group's range of services, customer base, overseas presence and revenue streams.

As a digital marketing agency, the Group has been fortunate to be able to conduct its operations remotely, which translates to minimal disruption to our workflow and campaigns. As Singapore gradually eases work and social restrictions amidst a high vaccination rate, the Group expects the demand for online marketing and advertising services to pick up in the year ahead.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. RESULTS OF OPERATIONS

The following table sets for the consolidated statements of profit or loss and other comprehensive income for the year ended 30 June 2021 and the year ended 30 June 2020.

	Notes	Year ended 30 June 2021 S$'000	2020 S$'000
Revenue	5	**54,437**	24,742
Cost of services		**(36,528)**	(16,050)
Gross profit		**17,909**	8,692
Other income	6	**1,440**	647
Other gains or losses	7	**1,853**	623
Selling expenses		**(3,038)**	(1,091)
General and administrative expenses		**(6,552)**	(4,739)
Impairment losses under expected credit loss model, net of reversal		**(1,165)**	(788)
Share of result of an associate		**664**	—
Finance costs	8	**(67)**	(66)
Profit before taxation		**11,044**	3,278
Income tax expense	9	**(1,624)**	(797)
Profit for the year	10	**9,420**	2,481
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**612**	*
Total comprehensive income for the year		**10,032**	2,481
Profit for the year attributable to:			
Owners of the Company		**7,732**	2,481
Non-controlling interests		**1,688**	—
		9,420	2,481
Total comprehensive income for the year attributable to:			
Owners of the Company		**8,297**	2,481
Non-controlling interests		**1,735**	—
		10,032	2,481
Earnings per share (in Singapore cents)			
Basic and diluted	14	**1.0**	0.3

* Amount less than S$1,000.

The accompanying notes form an integral part of these consolidated financial statements.

Our Group revenue increased by approximately 120% from S$24.7 million for the year ended 30 June 2020 to S$54.4 million for the year ended 30 June 2021. It was mainly due to the revenue contributed by the newly acquired subsidiaries, the MSIL Group during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

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

The following table sets forth the revenue breakdown by the four segments of the revenue for the Year and FY2020 indicated:

	Year ended 30 June					
	2021		2020		Variance	
	S$'000	**%**	S$'000	%	S$'000	%
Search engine marketing services	**19,311**	**35.5**	19,175	77.5	136	+0.7
Creative and technology services	**2,462**	**4.5**	4,482	18.1	(2,020)	−45.1
Social media marketing services	**1,577**	**2.9**	1,085	4.4	492	+45.3
Online e-commerce platform operation	**31,087**	**57.1**	—	—	31,087	N/A
	54,437	**100.0**	24,742	100.0	29,695	+120.0

Overall, the total revenue of the Group increased by around 120% from approximately S$24.7 million for the year ended 30 June 2020 to approximately S$54.4 million for the year ended 30 June 2021. Such increase was driven by the revenue from online e-commerce platform operation from the MSIL Group of approximately S$31.1 million for the Year.

Revenue from search engine marketing services remaining stable, increased slightly by approximately 0.7% from S$19.2 million for the year ended 30 June 2020 to S$19.3 million for the year ended 30 June 2021. However, the revenue from the creative and technology services decreased by approximately 45% from S$4.5 million for FY2020 to S$2.5 million for FY2021, mainly due to a decrease in revenue on search engine optimisation which caused by the outbreak of COVID-19 in Singapore and Malaysia as previously the Company organised events or roadshows to promote the revenue on search engine optimisation.

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

Cost of services

Our cost of services increased by 128% from approximately S$16.1 million for the year ended 30 June 2020 to approximately S$36.5 million for the year ended 30 June 2021. The increase was in line with the increase in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other income

Other income consisted of (i) government grants amounted to S$352,000 received from the Singapore Government under the Job Support Scheme that provides wage support to employers to help them retain their local employees (Singapore citizens and permanent residents) during this period of economic uncertainty due to the COVID-19 pandemic situation; (ii) rental subsidies provided by the PRC local government authority amounted to S$732,000; (iii) rental income; (iv) interest income from fixed deposits; and (v) other income — mainly consisted of approximately S$85,000 of compensation from client for infringement of the Group's intellectual property right.

Other gains or losses

Our other gains or losses consisted of (a) net exchange gains arising from (i) our subsidiary in Malaysia; and (ii) the net proceeds received from the share offer, which were denominated in Hong Kong dollars; (b) fair value loss on contingent consideration amounted to S$20,000 which arose from differences between the fair value of contingent consideration and consideration paid upon fulfillment of profit guarantee; and (c) fair value gain on step acquisition of a subsidiary amounted to S$1,453,000 which arose from remeasurement of carrying value of pre-existing equity interest in MSIL amounted to S$3,047,000 to its fair value amounted to S$4,500,000 at acquisition date. The fluctuations of our exchange gains or losses were primarily arouse from movements in Hong Kong dollars and Singapore dollars exchange rates. During the FY2021, the Group did not experience any significant difficulty or impact on its operations or liquidity due to fluctuations in currency exchange rates. The management will continue to monitor the foreign exchange exposure and take prudent measures to reduce foreign exchange risks.

Selling expenses

Our selling expenses primarily consisted of staff costs, sales commission for our sales personnel, and marketing related expenses directly related to our sales and marketing activities. The Group's selling expenses were approximately S$3.0 million in FY2021 and S$1.1 million in FY2020, representing approximately 5.6% (FY2020: 4.4%) of the Group's total revenue. The increase was mainly driven by the selling expenses from the newly acquired subsidiary, MSIL which accounted an amount of S$1.9 million of selling expenses, mainly due to salary to sales personnel of S$1.2 million.

General and administrative expenses

Our general and administrative expenses primarily consisted of staff costs, depreciation, rental expenses, entertainment expenses and office expenses. Our general and administrative expenses increased from approximately S$4.7 million in FY2020 to S$6.6 million in FY2021.

Such increase was mainly due to (i) higher staff costs of S$3.7 million in FY2021 (FY2020: S$2.8 million); (ii) higher impairment loss on trade receivables, net of reversal of approximately S$1.2 million in FY2021 (FY2020: S$0.8 million) due to the Group's debtors are mainly small and medium enterprises which have higher credit risk and are more exposed to short-term vulnerabilities in the COVID-19 pandemic; and (iii) higher professional fee of approximately S$1.2 million incurred during the FY2021 (FY2020: S$0.3 million) due to engaged professional parties when acquired the subsidiary, MSIL and disposed of 18% shares of Activa Media Holdings Limited to Eden Publishing Pte. Ltd.

Finance costs

Our finance costs are relatively stable at approximately S$0.07 million in FY2020 and FY2021. The effective interest rate on bank borrowings in FY2021 was at the range from 1.38% to 2.78% (FY2020: 2.48% to 2.78%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Income tax expense

Our income tax expense consisted of provision for PRC, Singapore and Malaysia current income tax expense. The income tax expense increased by approximately 100% from approximately S$0.8 million in FY2020 to approximately S$1.6 million in FY2021. The increase was primarily due to the taxable profits from the MSIL Group.

Profit for the year

The Group reported an amount of approximately S$9.4 million profit for the Year (FY2020: S$2.5 million), which was mainly attributable by the Company's subsidiaries, MSIL Group, an amount of approximately S$8.3 million profit for the Year (FY2020: nil) as the MSIL Group was acquired during the Year.

FINANCIAL POSITIONS

As at 30 June 2021, our total equity was approximately S$40.5 million as compared to approximately S$27.1 million as at 30 June 2020. The increase was mainly attributable to the acquisition of subsidiaries, MSIL Group and the goodwill arising from the acquisition.

As at 30 June 2021, our net current assets were approximately S$14.1 million as compared to approximately S$18.3 million as at 30 June 2020. The decrease was mainly due to the increase in trade and other payables of approximately S$15.6 million as at 30 June 2021, compared to approximately S$3.1 million as at 30 June 2020.

LIQUIDITY AND CAPITAL RESOURCES

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

Borrowings

Our bank borrowings of approximately S$2.0 million as at 30 June 2021 were secured against investment property of the Group and guaranteed by a corporate guarantee given by the Company. As at 30 June 2021, all of the bank borrowings was denominated in Singapore dollars (30 June 2020: S$2.1 million was denominated in Singapore dollars). Among all the bank borrowings, 7% was repayable within one year, 7% was repayable more than one year but not exceeding two years, 18% was repayable more than two years but not exceeding five years and 68% was repayable more than five years.

Charge on assets

The bank borrowings as at 30 June 2021 were secured against investment property of the Group with carrying amount of approximately S$2.8 million as at 30 June 2021.

Material acquisition and disposal of subsidiaries and associates and joint ventures

During the Year, the Company has acquired a group of subsidiaries — MSIL Group (details of which are disclosed in the announcements of the Company dated 23 November 2020 and 30 November 2020).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group also disposed of 18% shareholding in a wholly-owned subsidiary, Activa Media Holdings Limited. The net proceeds from this disposal, amounting to approximately S$2.2 million, will be strategically channeled towards the general working capital purposes of the Group (details of which are disclosed in the announcements of the Company dated 30 April 2021 and 4 May 2021).

Save as disclosed above, the Group did not have any material acquisition and disposal of subsidiaries and associates and joint ventures during the Year.

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

Save for the business plan disclosed in the prospectus of the Company dated 13 June 2019 (the "Prospectus") and the paragraph headed "Use of Net Proceeds from Listing" in this annual report, there was no other plan for material investments or capital assets as at the date of this annual report.

Gearing ratio

The gearing ratio of the Group as at 30 June 2021 was approximately 4.9% (30 June 2020: 7.8%). The gearing ratio is calculated as total interest-bearing liabilities divided by total equity as at the respective financial year end date. The decrease was mainly due to the increase in the Group's equity arising from retained earnings while the Group's total interest-bearing liabilities remained relatively stable.

Foreign exchange exposure

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

Contingent liabilities and guarantees

As at 30 June 2021, we did not have any unrecorded significant contingent liabilities, guarantees or any litigations against us (30 June 2020: nil).

Capital commitment

	2021 **S$'000**	2020 S$'000
Contracted, but not provided for:		
Commitments for development of a technological infrastructure	**4,799**	—

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 173 (30 June 2020: 73) employees and our employee remuneration for the Year totalled approximately S$7.4 million (including salary, bonus, and other employee benefits). The employee remuneration was approximately S$5.2 million for the year ended 30 June 2020. The remuneration of our employees is determined based on their performance, experience, competence and market comparable. Their remuneration package includes salaries, bonus related to our performance, allowances and retirement benefit schemes for employees in Singapore, Malaysia and China. The Group also provides customised training to its staff to enhance their technical and product knowledge.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Furthermore, the Company has adopted a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible persons for their contributions to the Group. As no share option has been granted by the Company under the Scheme since the listing, there was no share option outstanding as at 30 June 2021 and no share option was exercised or cancelled or lapsed during the Year.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 26 June 2019 (the "Listing"). The Board, after considering the business operating environment and the development of the Group, has resolved to change the use of the unutilised net proceeds from the Listing (the "Net Proceeds") as set out in the announcement of the Company dated 29 October 2020 (the "Announcement"). Please refer to the Announcement for details of the change in use of the unutilised Net Proceeds. The Net Proceeds were approximately HK$92 million.

As at 30 June 2021, approximately HK$40.65 million was paid to the vendor as advanced payment for developing Platform A and Platform B (as defined in the Prospectus), approximately HK$2.3 million was used as working capital and approximately HK$31.5 million was used to acquire additional interest in the associated company, Majestic State International Limited which operates digital platform in the PRC.

The remaining Net Proceeds for the technological infrastructure will be utilised as follows:

(I) approximately HK$4.8 million will be utilised for Platform A when the development of Platform A is close to completion. Initially, it was stated as Q3 2021 in the interim report of the Company for the six months ended 31 December 2019 (the "Interim Report"). However, due to COVID-19, it is delayed and expected to be completed in Q1 2022;

(II) approximately HK$8.2 million will be utilised for Platform B when the development of Platform B is close to completion. Initially, it was stated as Q4 2022 in the Interim Report. However, due to COVID-19, it is delayed and expected to be completed in Q2 2023; and

(III) Balance will be utilised for the development of Platform C (as defined in the Prospectus). Considering the potential negative impact brought by the COVID-19, which may impact the timing of developing Platform C, the Group intends to extend the expected time for deploying the Net Proceeds for Platform C from Q2 2021 to Q1 2022.

For further details on utilisation of the Net Proceeds, please refer to the section headed "REPORT OF THE DIRECTORS — USE OF NET PROCEEDS FROM LISTING" of this annual report.

CORPORATE GOVERNANCE REPORT

The Company is committed to fulfilling its responsibilities to the shareholders of the Company (the "Shareholders") and protecting and enhancing Shareholders' values through good corporate governance. The directors of the Company (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

The Group is committed to maintaining high corporate governance standards to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company's corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During FY2021, the Company has adopted and, save for the deviation from code provision 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. The Group will continue to review and enhance its corporate governance practices to ensure its continued compliance with the CG Code.

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 current Directors, all Directors have confirmed that they had complied with the Model Code for FY2021.

BOARD OF DIRECTORS

Responsibilities

The board of Directors (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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Composition

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

As at the date of this annual report, the Board comprises the following seven Directors, of which the non-executive Director and the INEDs in aggregate represent 57% of the Board members.

The members of the Board during FY2021 and up to the date of this annual report are set out below:

Executive Directors

Ms. Teo Li Lian *(Chairlady and Chief Executive Officer)*
Mr. Teo Kuo Liang
Mr. Mu Lei (appointed on 29 January 2021)

Non-executive Director

Mr. Shi Lizhi (appointed on 16 March 2021)

Independent Non-executive Directors

Mr. Chung Kwok Hoe
Mr. Lee Shy Tsong
Ms. Zhang Hong (appointed as the non-executive Director on 22 September 2020 and re-designated as an INED on 19 January 2021)
Mr. Tan Eng Ann (retired on 20 November 2020)

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 FY2021.

The non-executive Director and all 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, the non-executive Director and all INEDs will continue to make various contributions to the Company.

Currently, 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

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

The Company has received an annual confirmation of independence in writing from each of the current INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation and the following reasons, the Company considers that all the INEDs are independent. Notwithstanding Ms. Zhang has been the non-executive Director prior to her re-designation as an INED on 19 January 2021, the Board is of the view that Ms. Zhang is independent for the purposes of Rule 3.13 of the Listing Rules, for the following reasons:

(a) Apart from acting as the non-executive Director since 22 September 2020, Ms. Zhang had never taken part in the day-to-day management of the Group and had not performed any executive role or management function in the Group; and

(b) Since 22 September 2020, Ms. Zhang had been providing recommendations on the business development of the Group and independent judgement to the Board, and thereby performing the responsibilities commensurate to those performed by an INED.

During the FY2021, the Chairlady had held one meeting with the INEDs without the presence of other Directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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.

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 current Directors during FY2021 are summarised as follows:

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

Meetings and Directors' Attendance Records

The Company adopts a practice to convene Board meetings regularly which is at least four meetings per year and roughly on a quarterly basis 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.

The attendance records of the Directors at the Board, Board committees and general meetings held during the Year are as follows:

	Meetings attended/Meetings required to be attended during the Year					
Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors:						
Ms. Teo Li Lian	6/6	N/A	2/2	N/A	1/1	1/1
Mr. Teo Kuo Liang	6/6	N/A	N/A	N/A	1/1	1/1
Mr. Mu Lei (appointed on 29 January 2021)	4/4	N/A	N/A	N/A	N/A	N/A
Non-executive Director:						
Mr. Shi Lizhi (appointed on 16 March 2021)	3/3	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors:						
Mr. Chung Kwok Hoe (Note 1)	6/6	2/2	2/2	2/2	1/1	1/1
Mr. Tan Eng Ann (Note 2)	1/1	1/1	1/1	1/1	0/1	1/1
Mr. Lee Shy Tsong	6/6	2/2	2/2	2/2	1/1	1/1
Ms. Zhang Hong (Note 3)	6/6	1/1	N/A	N/A	1/1	N/A

N/A not applicable

Notes:

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

2: Mr. Tan Eng Ann retired as an INED and ceased to be the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee with effect from 20 November 2020.

3: Ms. Zhang Hong was appointed as the non-executive Director on 22 September 2020 and was re-designated as an INED as well as appointed as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 19 January 2021.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Diversity Policy

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, skills, knowledge and industry experience.

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 Board (including the INEDs) considers that Ms. L Teo is the best candidate for both positions and the present arrangements are beneficial to and in the interests of the Group and the Shareholders as a whole. As all major decisions are made in consultation with all the members of the Board, with the INEDs offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

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 written terms of reference were revised on 24 February 2020, and the Audit Committee shall meet at least two times each year instead of four times each year. The Audit Committee currently comprises all the INEDs, namely Mr. Chung, Mr. Lee and Ms. Zhang. Mr. Chung is the chairman of the Audit Committee.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements 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 risk management and 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.

The Audit Committee held two meetings during the Year and has, among others, reviewed the Company's annual results for the year ended 30 June 2020 and the unaudited interim results for the six months ended 31 December 2020 as well as the Company's internal control procedures and risk management.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 currently comprises an executive Director Ms. L Teo, and three INEDs, namely Mr. Lee, Mr. Chung and Ms. Zhang. 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 Year, two Remuneration Committee meetings were held and has, among others, reviewed the remuneration packages of the Directors and senior management of the Group and the performance of the executive Directors and senior management, and made recommendations on the above remuneration packages and the discretionary bonuses of the executive Directors and senior management to the Board for approval.

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 currently comprises three INEDs, namely Mr. Chung, Mr. Lee and Ms. Zhang. 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 Year, two Nomination Committee meetings were held and has, among others, reviewed the composition of the Board, assessed the independence of the INEDs, reviewed the Board diversity policy and recommended to the Board for consideration the reappointment of the retiring Directors at the AGM held on 20 November 2020 as well as the re-designation of the non-executive Director to an INED.

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 lodgement 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Two executive Directors, namely Ms. L Teo and Mr. V Teo have entered into a service contract with the Company for an initial term of three years with effect from 26 June 2019 (the "Listing Date"). Another executive Director, Mr. Mu has entered into a service agreement with the Company for an initial term of one year with effect from 29 January 2021. The non-executive Director has entered into a service agreement with the Company for an initial term of one year commencing on 16 March 2021. Two INEDs have entered into a letter of appointment with the Company for an initial term of one year commencing on the Listing Date, which will continue thereafter unless terminated by either party giving the other at least one month's notice in writing. One INED has been re-designated from the non-executive Director to an INED on 19 January 2021 and entered into a letter of appointment with the Company for an initial term of one year commencing on 19 January 2021.

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 non-executive Director and INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each 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 FY2021 are set out in Note 11 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 FY2021 by band is set out below:

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

INDEPENDENT AUDITOR'S REMUNERATION

On 2 July 2021, Deloitte & Touche LLP ("Deloitte") resigned as the independent auditor of the Company and HLB Hodgson Impey Cheng Limited ("HLB") has been appointed as the Company's independent auditor with effect from 12 July 2021. The remuneration paid/payable to HLB for the services provided in respect of the Year is set out below:

Services	Fee paid/payable HK$
Audit services — Annual audit	1,300,000
Non-audit services — Report on continuing connected transaction	50,000
Total	1,350,000

The remuneration paid to Deloitte for the services provided in respect of the Year is set out below:

Services	Fee paid S$
Audit services — Annual audit	50,200
Non-audit services	—
Total	50,200

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for FY2021.

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, HLB has stated in the independent auditor's report its reporting responsibilities on the Company's consolidated financial statements for FY2021.

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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

In FY2021, 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.

In FY2021, 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 are authorised to communicate with parties outside the Group.

COMPANY SECRETARY

Ms. Chui Lee Lee ("Ms. Chui") was appointed as the Company Secretary with effect from 19 January 2021 in place of Sir Kwok Siu Man KR who resigned on the same date. Ms. Chui 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 person at the Company with whom Ms. Chui has been contacting in respect of company secretarial matters is Ms. Lai Pei Shi, chief financial officer of the Company.

Ms. Chui has taken no less than 15 hours of relevant professional training during FY2021 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 31st Floor, 148 Electric Road, North Point, Hong Kong, for the attention of the Company Secretary.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 client complaints to the appropriate management of the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy on 11 November 2019. Dividends may be declared from time to time by the Company to the Shareholders. The Company does not have any predetermined dividend pay-out ratio. The declaration and payment of dividends shall be determined at the sole discretion of the Board after taking into account, among others, the operations, earnings, cash requirements and availability, capital expenditure, future development requirements, business conditions and strategies, interests of Shareholders, and any other factors that the Board deems appropriate. The payment of dividends by the Company is also subject to any restrictions under the relevant applicable laws, rules and regulations and the Articles of Association.

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

There was no change in the constitutional documents of the Company during FY2021.

The memorandum of association and the Articles of Association 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 2021.

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 of the Company (the “Shares”) were initially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 June 2019.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of online marketing services. The principal activities of the Company’s subsidiaries are set out in Note 41 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group’s business during FY2021, 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. There are some new risks and uncertainties after the Group acquired the new business — MSIL Group.

We may be subject to foreign currency fluctuations

Our Group is exposed to foreign currency risk as the MSIL Group’s contracts signed in China are denominated in Renminbi. Our Group currently does not have a foreign currency hedging policy. Should there be any material foreign currency fluctuation due to the changes in foreign exchange rates, our profitability and financial position will be materially and adversely affected.

Social, political, economic and legal developments, as well as any changes in government policies in China, could materially and adversely affect our Group’s business and operating results

Our Group’s business, prospects, financial conditions and results of operations may be adversely affected by social, political, economic and legal developments in China. Uncertainties in these areas include, but are not limited to, the risks of war, regional conflicts, terrorism, extremisms, nationalism, nullification of contracts, changes in interest rates, imposition of capital controls and foreign ownership restrictions, changes in government policies or introduction of new rules or regulations concerning online marketing service providers and methods of taxation. Any negative developments may adversely affect our Group’s business, prospects, financial conditions and results of operations.

The principal risks and uncertainties faced by the Group are also contained in the section headed “Risks associated with the Business Collaboration Agreements” of this report.

REPORT OF THE DIRECTORS (CONTINUED)

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 minimise 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 2021 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 2021, the Company was in compliance with the relevant laws and regulations that have a significant impact on the operations of the Group.

Important Events after the Reporting Period

Save as disclosed in this annual report, there have been no matters that have occurred subsequent to 30 June 2021 which have significantly affect the Group's operations.

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.

CHANGE OF COMPANY NAME IN CHINESE

On 10 July 2020, the Company held an extraordinary general meeting (the "EGM") in relation to the proposed change of its dual foreign name in Chinese. The proposed change was approved by the Shareholders at the EGM and the dual foreign name in Chinese has been changed from "創世紀集團控股有限公司" to "秀商時代控股有限公司" with effect from 14 July 2020 and the English name of the Company remains unchanged as "AM Group Holdings Limited". Details of the Company's change of company name in Chinese are set out in the announcements of the Company dated 16 June 2020, 17 August 2020 and the circular of the Company dated 22 June 2020.

REPORT OF THE DIRECTORS (CONTINUED)

RESULTS AND DIVIDEND

The consolidated annual results of the Group for the year ended 30 June 2021 are set out on pages 67 to 146 of this annual report.

The Board has resolved not to recommend the payment of any final dividend for the year ended 30 June 2021.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 25 November 2021 to Tuesday, 30 November 2021, both days inclusive and during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the 2021 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 Wednesday, 24 November 2021.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group during the year ended 30 June 2021 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 30 June 2021 are set out in Note 31 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 2021 are set out in the Consolidated Statement of Changes in Equity on page 70 of this annual report and Note 42 to the consolidated financial statements.

As at 30 June 2021, 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.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 148 of this annual report.

DONATIONS

The Group has made the donations of approximately S$3,100 to the charitable organisations during FY2021.

BANK BORROWINGS

Details of the movements in bank borrowings of the Group during the year ended 30 June 2021 are set out in Note 29 to the consolidated financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

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

During the FY2021, 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 Main Board of the Stock Exchange on 26 June 2019 at the offer price of HK$0.65 per share. The Board, after considering the business operating environment and the development of the Group, has resolved to change the use of the unutilised Net Proceeds as set out in the Announcement. Please refer to the Announcement for details of the change in use of the unutilised Net Proceeds. The Net Proceeds were approximately HK$92.0 million. The table below sets forth the breakdown of the intended use and the timeline for utilisation of the Net Proceeds as at 30 June 2021:

	Intended use of Net Proceeds from the share offer (per Prospectus) HK$ million	Approximate percentage of Net Proceeds %	Revised allocation of Net Proceeds (as disclosed in the Announcement) HK$ million	Approximate percentage of Net Proceeds %	Amount utilised as at 30 June 2020 HK$ million	Amount utilised during the Year HK$ million	Remaining balance as at 30 June 2021 HK$ million	Expected timeline to use unutilised Net Proceeds
Strengthening the technological infrastructure	58.2	63.3	58.2	63.3	40.65	–	17.55	Q4 2019 Note
Acquisition of a website development and hosting company	26.2	28.5	–	–	–	–	–	–
Establishment of a sales office in Johor Bahru, Malaysia	5.3	5.7	–	–	–	–	–	–
Working capital	2.3	2.5	2.3	2.5	–	2.3	–	–
Acquisition of additional interest in an associated company	–	–	31.5	34.2	–	31.5	–	–
	92.0	100.0	92.0	100.0	40.65	33.8	17.55	

Note: The deployment of the Net Proceeds for strengthening technological infrastructure is divided into phases and the initial deployment was made in Q4 2019, as detailed in the Prospectus. As to the remaining balance of the Net Proceeds designated for this purpose, please refer to the description set out below.

With regard to the use of Net Proceeds on strengthening the technological infrastructure of the Group, the Group has engaged an independent vendor to develop Platform A and Platform B (as defined in the Prospectus) and the vendor is in the midst of the design phase which includes:

Platform A: Interface of the diagnostic tool and teaser reports on website analysis

Platform B: Login page, interface to set-up campaign, interface and template of reports

The Group has employed the project manager as at the date of this annual report.

REPORT OF THE DIRECTORS (CONTINUED)

As at 30 June 2021, approximately HK$40.65 million was paid to the vendor as advanced payment for developing Platform A and Platform B. The remaining Net Proceeds for the technological infrastructure will be utilised as follows:

(i) approximately HK$4.8 million will be utilised for Platform A when the development of Platform A is close to completion. Initially, it was stated as Q3 2021 in the interim report of the Company for the six months ended 31 December 2019 (the "2019/2020 Interim Report"). However, due to COVID-19, it is delayed and expected to be completed in Q1 2022;

(ii) approximately HK$8.2 million will be utilised for Platform B when the development of Platform B is close to completion. Initially, it was stated as Q4 2022 in the 2019/2020 Interim Report. However, due to COVID-19, it is delayed and expected to be completed in Q2 2023; and

(iii) Balance will be utilised for the development of Platform C (as defined in the Prospectus). Considering the potential negative impact brought by the COVID-19, which may impact the timing of developing Platform C, the Group intends to extend the expected time for deploying the Net Proceeds for Platform C from Q2 2021 to Q1 2022.

DIRECTORS

The Directors during the year ended 30 June 2021 and up to the date of this report are:

Executive Directors
Ms. Teo Li Lian *(Chairlady and Chief Executive Officer)*
Mr. Teo Kuo Liang
Mr. Mu Lei (appointed on 29 January 2021)

Non-executive Director
Mr. Shi Lizhi (appointed on 16 March 2021)

Independent Non-executive Directors
Mr. Chung Kwok Hoe
Mr. Tan Eng Ann (retired on 20 November 2020)
Mr. Lee Shy Tsong
Ms. Zhang Hong (appointed as the non-executive Director on 22 September 2020 and re-designated as an INED on 19 January 2021)

Pursuant to the Articles of Association, Ms. Teo Li Lian, Mr. Teo Kuo Liang, Mr. Mu Lei and Mr. Shi Lizhi shall retire from office at the 2021 AGM and, being eligible, shall offer themselves for re-election.

REPORT OF THE DIRECTORS (CONTINUED)

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 6 to 9 in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming AGM has entered into a service contract or appointment letter with the Company that cannot be terminated by the Company 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 37 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 2021 or subsisted as at 30 June 2021 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 2021 or subsisted as at 30 June 2021.

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

Other than disclosed in the section headed "Related Party Transactions" in Note 37 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 its holding company or any of its subsidiaries or fellow 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 2021 or at any time during the year ended 30 June 2021.

REPORT OF THE DIRECTORS (CONTINUED)

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

As at 30 June 2021, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Long positions in the Shares

	Number of Shares held, capacity and nature of interests			
Name of Directors	Directly beneficially owned	Through controlled corporation	Total	Percentage of the issued share capital
Ms. Teo Li Lian (Note)	—	408,000,000	408,000,000	51%
Mr. Teo Kuo Liang (Note)	—	408,000,000	408,000,000	51%

Note: Activa Media Investment is beneficially owned 50% by Ms. Teo Li Lian and Mr. Teo Kuo Liang respectively. Under the SFO, each of Ms. Teo Li Lian and Mr. Teo Kuo Liang is deemed to be interested in all the Shares held by Activa Media Investment. Details of the interests in the Company held by Activa Media Investment are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company" below.

Long positions in ordinary shares of an associated corporation

Name of associated corporation	Name of Directors	Capacity/nature of interests	Number of shares held	Percentage of issued share capital
Activa Media Investment (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 2021, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS (CONTINUED)

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

As at 30 June 2021, the following corporation (other than a Director or the chief executive of the Company) had interests or short positions in the Shares as recorded in the register required to be kept under section 336 of the SFO as follows:

Long positions in the Shares

Name of Shareholder	Capacity/nature of interests	Number of Shares held	Percentage of issued share capital
Activa Media Investment	Beneficial interest	408,000,000 (Note)	51%

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

Save as disclosed above, as at 30 June 2021, 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 2021 or existed as at 30 June 2021.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review or as at 30 June 2021 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 1 July 2020 and 30 June 2021 and no share option was exercised or cancelled or lapsed during the year ended 30 June 2021.

REPORT OF THE DIRECTORS (CONTINUED)

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.

REPORT OF THE DIRECTORS (CONTINUED)

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 quotations 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 2021 are set out in Notes 11 and 12 to the consolidated financial statements.

For the year ended 30 June 2021, 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 2021.

Except as disclosed above, no other payments have been made or are payable, for the year ended 30 June 2021, 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.

REPORT OF THE DIRECTORS (CONTINUED)

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 2021 or at any time during the year ended 30 June 2021.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings during the year ended 30 June 2021.

MAJOR SUPPLIERS AND CUSTOMERS

In the year under review, the Group's largest customer accounted for 2% (FY2020: 4.7%) of the Group's total revenue and the Group's five largest customers accounted for 6% (FY2020: 13.7%) of the Group's total revenue. In the year under review, the Group's largest supplier accounted for 41% (FY2020: 87%) of the Group's total purchase and the Group's five largest suppliers accounted for 77% (FY2020: 92%) 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 2021 are set out in Note 37 to the consolidated financial statements contained herein. Save as disclosed in the section headed "Continuing Connected Transactions" below, other related party transactions as disclosed in Note 37 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions under the Listing Rules or are exempt from compliance with reporting, announcement, annual review and independent Shareholders' approval requirements, and the Directors believe the relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules are met, where applicable.

REPORT OF THE DIRECTORS (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 June 2021, the Group has entered into the following non-exempt continuing connected transactions pursuant to Chapter 14A of the Listing Rules:

Business Collaboration Agreements

A. Overview

As disclosed in the announcements of the Company dated 23 November 2020 and 30 November 2020, the Group acquired 80% shareholding in Majestic State International Limited ("Majestic State"). Majestic State, through a series of business collaboration agreements (the "Business Collaboration Agreements"), controls Show Times (Chongqing), which is principally engaged in the operation of online e-commerce platforms in the PRC including real-time internet broadcasting and short-form mobile videos services which is a form of operation of internet culture business (互聯網文化經營) in the PRC according to《互聯網文化管理暫行規定》(Provisional Regulations for the Administration of Internet Culture) issued by the Ministry of Culture and Tourism of the PRC (formerly known as the Ministry of Culture of the PRC) on 15 December 2017.

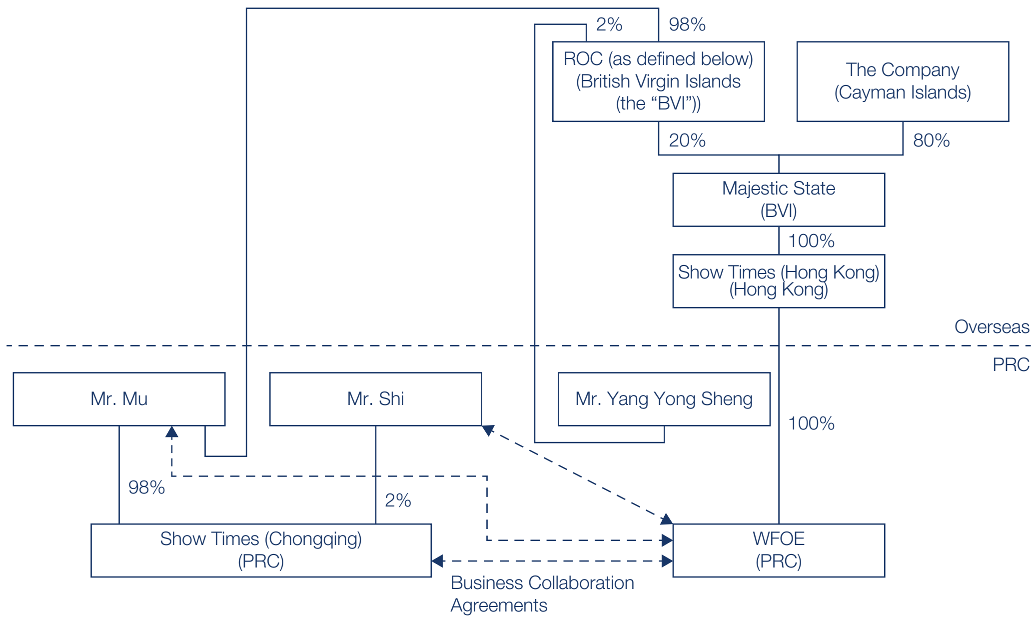
The laws and regulations in the People's Republic of China (the "PRC") generally restrict foreign ownership in the internet culture business. 秀商時代 (重慶) 科技有限公司 (Show Times (Chongqing) Technology Company Limited) ("Show Times (Chongqing)") is subject to the foreign-ownership restrictions under《外商投資准入特別管理措施 (負面清單) (2019年版)》(Special Management Measures for Foreign Investment Access (Negative List) (2019 Edition)) (the "Negative List") issued by the National Development and Reform Commission of the PRC and the Ministry of Commerce of the PRC on 30 June 2019 and implemented on 30 July 2019. According to the Item 21 of the Negative List, ownership of foreign entity in operation of internet culture business is strictly forbidden in the PRC.

In order to comply with the applicable PRC legal and regulatory restrictions, the Business Collaboration Agreements have been entered into between 秀商時代(重慶)網絡服務有限公司 (Show Times (Chongqing) Network Service Limited) (the "WFOE"), Show Times (Chongqing), Mr. Mu Lei (牟雷) ("Mr. Mu") and Mr. Shi Lizhi (師立志) ("Mr. Shi", together with Mr. Mu, collectively, the "Registered Owners") to enable the financial results, the entire economic benefits and the risks of the business of Show Times (Chongqing) to flow into the WFOE and to enable the WFOE to gain 100% effective control over Show Times (Chongqing).

During the year ended 30 June 2021 and as at the date of this annual report, the Group holds 80% shareholding in Majestic State, which in turn holds the entire issued share capital in Show Times (Hong Kong) Limited ("Show Times (Hong Kong)"), which holds the entire equity interest in the WFOE (together with Majestic State and Show Times (Hong Kong), collectively, the "Majestic State Group"). The Group did not directly hold any equity interest in Show Times (Chongqing). The Business Collaboration Agreements, as a whole, are designed to provide the Group with effective control over the financial and operational policies of Show Times (Chongqing), to the extent permitted by PRC law and regulations, the right to acquire the equity interest in Show Times (Chongqing) through the Majestic State Group. Pursuant to the Business Collaboration Agreements, all material business activities of Show Times (Chongqing) are instructed and supervised by the Group through the Majestic State Group, and all economic benefits arising from such business of Show Times (Chongqing) are transferred to the Majestic State Group.

REPORT OF THE DIRECTORS (CONTINUED)

Hereinbelow is the shareholding structure of Show Times (Chongqing):



B. Summary of the principal terms of the Business Collaboration Agreements

Principal terms of each of the Business Collaboration Agreements are set out as follows:

1. Exclusive technological consultancy and service agreement (the "Exclusive Consultancy Agreement")

Pursuant to the Exclusive Consultancy Agreement entered into between the WFOE and Show Times (Chongqing), Show Times (Chongqing) agreed to engage the WFOE as the exclusive service provider to provide Show Times (Chongqing) with technological services, business consultancy, intellectual properties, equipment and leases, market consultancy, consultancy and management service related to the operation of Show Times (Chongqing), and such other business upon requested by Show Times (Chongqing) permitted under the laws of the PRC (the "Services").

During the term of the Exclusive Consultancy Agreement, without the prior written consent of the WFOE, Show Times (Chongqing) is not allowed to engage or co-operate with any third party (except for the WFOE's designated party or related party) for the provision of the same or similar Services.

Show Times (Chongqing) agreed to pay 100% of its net profit to the WFOE as a fee for the Services on a yearly basis.

REPORT OF THE DIRECTORS (CONTINUED)

The Exclusive Consultancy Agreement has an initial term of 10 years from the date of its execution and be renewed at the sole discretion of the WFOE, until any of the following circumstances occur:

(i) Show Times (Chongqing) has bankrupted, wound up, terminated or dissolved;

(ii) all equity interest and/or assets of Show Times (Chongqing) have been transferred to WFOE or its nominee according to the Option Agreement (as defined below);

(iii) the laws of the PRC have allowed Show Times (Chongqing) to directly hold the equity interest of Show Times (Chongqing) and that the WFOE, its subsidiary and branch companies are allowed to legally operate the business of Show Times (Chongqing);

(iv) the WFOE informed Show Times (Chongqing) with written notice of at least 30 days in advance to terminate the Exclusive Consultancy Agreement; or

(v) an event of default has occurred under the Exclusive Consultancy Agreement and the non-defaulting party has requested to terminate the agreement.

2. *Share pledge agreement (the "Share Pledge Agreement")*

Pursuant to the Share Pledge Agreement entered into between the WFOE, Show Times (Chongqing) and the Registered Owners, the Registered Owners agreed to pledge all of its equity interests in Show Times (Chongqing) to the WFOE to secure the performance of all its obligations and also the obligations of Show Times (Chongqing) under the Exclusive Consultancy Agreement, the Share Pledge Agreement, the Option Agreement and the Proxy Agreement (as defined below).

If the Registered Owners and/or Show Times (Chongqing) breach any of the abovementioned obligation, the WFOE shall have the rights to, among others, dispose and transfer the pledged equity interests. In addition, pursuant to the Share Pledge Agreement, the Registered Owners undertook to the WFOE, among others, not to transfer its interests in Show Times (Chongqing) and not to create any pledge thereon without prior written consent of the WFOE.

In accordance with the Share Pledge Agreement, the Registered Owners have already registered the equity pledge with the relevant authorities and provided the documentary proof of successful registration to the WFOE.

The Share Pledge Agreement has become effective upon recordation of the equity pledge on the register of shareholders. The equity pledge under the Share Pledge Agreement has taken effect from the date of registration with the responsible market supervision and administration department where Show Times (Chongqing) is located and shall remain binding until the Registered Owners discharge all their obligations under the Business Collaboration Agreements, or until any of the following circumstances occur:

(i) under applicable PRC laws and regulations, the WFOE and/or its nominee exercised its call option under the Option Agreement, pursuant to which it acquired all the equity interests and/or assets of Show Times (Chongqing), and the WFOE and/or its nominee can legally operate the business of Show Times (Chongqing);

REPORT OF THE DIRECTORS (CONTINUED)

(ii) the WFOE informs the Registered Owners to terminate the Share Pledge Agreement; or

(iii) the Share Pledge Agreement is terminated in accordance with the applicable laws and regulations of the PRC.

3. *Exclusive call option agreement (the "Option Agreement")*

Pursuant to the Option Agreement entered into between the WFOE, Show Times (Chongqing) and the Registered Owners, Show Times (Chongqing) and the Registered Owners irrevocably and unconditionally agreed to grant an exclusive call option to the WFOE, pursuant to which the WFOE may, to the extent permitted under applicable PRC laws and regulations, require:

(i) the Registered Owners to transfer entirely or partially its or its nominees' equity interests in Show Times (Chongqing) to the WFOE or its nominee insofar at a nominal consideration, or, unless another price is required by the relevant PRC authority. In such event, the Registered Owners shall reimburse the WFOE or its nominees any consideration paid by the WFOE or its nominees to the Registered Owners in surplus of the said nomination consideration; and

(ii) Show Times (Chongqing) to transfer entirely or partially their or their nominees' assets in Show Times (Chongqing) to the WFOE or its nominee insofar at a nominal consideration, or, unless another price is required by the relevant PRC authority. In such event, the Registered Owners shall reimburse the WFOE or its nominees any consideration paid by the WFOE or its nominees to the Registered Owners in surplus of the said nominal consideration.

In addition, without the prior written consent of the WFOE, Show Times (Chongqing) and the Registered Owners, among other things:

(i) shall not alter the registered capital of Show Times (Chongqing); (ii) shall not sell, transfer, mortgage or otherwise dispose of the legal rights of any assets, businesses or incomes of Show Times (Chongqing) the value of which exceeds RMB500,000;

(ii) shall not enter into any merger, acquisition or investment by Show Times (Chongqing);

(iii) shall not procure the declaration or actual distribution of any profits, bonus or dividend by Show Times (Chongqing); and

(iv) shall not enter into any agreement which will be in conflict with the Option Agreement or the interests of the WFOE under the Option Agreement.

REPORT OF THE DIRECTORS (CONTINUED)

The Option Agreement has an initial term of 10 years from the date of its execution and will be extended automatically, unless otherwise determined by the WFOE or any of the following circumstances occur:

(i) the WFOE informed Show Times (Chongqing) and the Registered Owners in writing to terminate the Option Agreement;

(ii) under applicable PRC laws and regulations, the WFOE and/or its nominees exercised the call option under the Option Agreement, pursuant to which it acquired all the equity interests and/or assets of Show Times (Chongqing) and the WFOE, its subsidiary and branch companies are allowed to legally operate the business of Show Times (Chongqing); or

(iii) an event of default caused by Show Times (Chongqing) or the Registered Owners has occurred under the Option Agreement and the WFOE has requested to terminate the agreement.

4. *Shareholders' Voting Right Entrustment Agreement (the "Proxy Agreement")*

Pursuant to the Proxy Agreement entered into between the WFOE, Show Times (Chongqing) and the Registered Owners, the Registered Owners irrevocably and unconditionally agreed to entrust the WFOE all its voting rights in Show Times (Chongqing), including but not limited to the followings:

(i) as the agent of the Registered Owners, to convene and attend the shareholders' meetings of Show Times (Chongqing) in accordance with the articles of association of Show Times (Chongqing); and

(ii) to enjoy all rights of the Registered Owners as shareholders of Show Times (Chongqing) and exercise the voting rights according to the laws of the PRC and the articles of association of Show Times (Chongqing).

In addition, the Registered Owners irrevocably undertook, among other things, that they will neither, unless the WFOE has agreed in writing, directly or indirectly (either on its own or through any other individual or legal entity), participate or engage in any main business which is or may be in competition with the business of Show Times (Chongqing) or its associated company, or acquire or hold any such business, nor carry on any activities which may lead to any material conflict of interest among itself and the WFOE.

The Proxy Agreement shall take effect from the date of its execution, until any of the following circumstances occur:

(i) the WFOE has informed the Registered Owners in writing to terminate the Proxy Agreement;

(ii) under applicable PRC laws and regulations, the WFOE or its nominee is allowed to register itself as the sole shareholder of Show Times (Chongqing) and operate the businesses of Show Times (Chongqing); or

(iii) an event of default caused by Show Times (Chongqing) or the Registered Owners has occurred under the Proxy Agreement and the WFOE has requested to terminate the agreement.

REPORT OF THE DIRECTORS (CONTINUED)

C. *Business activities of the Majestic State Group and Show Times (Chongqing) and their significant and financial contributions to the Group*

The business of the Majestic State Group, through Show Times (Chongqing), is operation of online e-commerce platforms in an innovative business model of "Internet mall + real-time internet broadcasting and short-form mobile videos" through Show Time (Chongqing)'s mobile application named "秀友". Show Times (Chongqing) receives most of its income derived from technology services (技術服務費) and commissions for transactions completed on its mobile application named "秀友" (平台服務費).

The Group owns 80% shareholding in Majestic State, and Majestic State, through its wholly-owned subsidiaries, obtains control over and derives the economic benefits from Show Times (Chongqing) pursuant to the Business Collaboration Agreements. The table below sets out the financial contribution of the Majestic State Group to the Group, in terms of revenue, net profit and total assets for the year ended/as at 30 June 2021 of the Majestic State Group consolidated into the Group's financial statements pursuant to the Business Collaboration Agreements:

	Revenue S$'000	% of the Group's revenue	Net profit S$'000	% of the Group's net profit	Total assets S$'000	% of the Group's total assets
Majestic State Group	31,087	57	8,345	89	30,713	46

D. *Regulatory framework*

The Group currently operates its online e-commerce platform through Show Times (Chongqing) in the PRC through Majestic State Group and under the Business Collaboration Agreements as the current PRC laws and regulations generally restrict foreign ownership in the internet culture business in the PRC.

As stated in the sub-section headed "A. Overview" above, among other things, according to the Negative List, a foreign entity is forbidden to own any equity interest in entity operating internet culture business (互聯網文化經營) in the PRC. Therefore, the Business Collaboration Agreements have been entered into by the relevant parties to enable the financial results, the entire economic benefits and the risks of the business of Show Times (Chongqing) to flow into the WFOE and to enable the WFOE to gain 100% effective control over Show Times (Chongqing).

The Business Collaboration Agreements are narrowly tailored to achieve Show Times (Chongqing)'s business purpose and to minimise the potential conflict with and are enforceable under the relevant PRC laws and regulations. The Business Collaboration Agreements enable the WFOE to gain control over the financing and business operations of Show Times (Chongqing), and is entitled to the economic interest and benefits of Show Times (Chongqing). The Business Collaboration Agreements also provide that the WFOE may unwind the Business Collaboration Agreements as soon as relevant PRC rules and regulations governing foreign investment in the operation of internet culture business are issued which allow the WFOE to register itself as the sole shareholder of Show Times (Chongqing).

REPORT OF THE DIRECTORS (CONTINUED)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this annual report, the internet culture business is still under the Negative List, while Show Times (Chongqing) has not encountered any interference or encumbrance from any governing bodies in operating its business through the contractual arrangement under Business Collaboration Agreements (the "Contractual Arrangement").

E. *Risks associated with the Business Collaboration Agreements*

1. *Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations of the Majestic State Group*

On 15 March 2019, the National People's Congress of the PRC (the "NPC") adopted《中華人民共和國外商投資法》(Foreign Investment Law) (the "Foreign Investment Law") at the closing meeting of the second session of the 13th NPC. Upon taking effect on 1 January 2020, the Foreign Investment Law will replace《中華人民共和國中外合資經營企業法》(Sino-Foreign Equity Joint Venture Enterprise Law),《中華人民共和國中外合作經營企業法》(Sino-Foreign Cooperative Joint Venture Enterprise Law#) and《中華人民共和國外資企業法》(Wholly Foreign-Owned Enterprise Law). The Foreign Investment Law stipulates three forms of foreign investment, but does not explicitly stipulate the contractual arrangements as a form of foreign investment.

Since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, regulations and rules do not incorporate the contractual arrangements as a form of foreign investment, the Contractual Arrangement as a whole and each of the Business Collaboration Agreements will not be materially affected and will continue to be legal, valid and binding on the parties.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council". There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangement will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangement will be handled. Therefore, there is no guarantee that the Contractual Arrangement and the business of Show Times (Chongqing) will not be materially and adversely affected in the future due to changes in PRC laws and regulations.

If future laws, administrative regulations or provisions prescribed by the State Council of the PRC mandate further actions to be completed by companies with existing contractual arrangements, the Majestic State Group may face substantial uncertainties as to the timely completion of such actions. In the extreme case scenario, the Majestic State Group may be required to unwind the Contractual Arrangement and/or dispose of Show Times (Chongqing), which could have a material and adverse effect on the business, financial conditions and results of operations of the Group.

REPORT OF THE DIRECTORS (CONTINUED)

The “variable interest entity” (the “**VIE**”) structure has been adopted by many fully or partially foreign-owned companies (including Majestic State by way of the Contractual Arrangement) which, through its subsidiaries in the PRC, assumes control over an operating company incorporated in the PRC which holds the necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in the PRC. It will be uncertain whether the Contractual Arrangement will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations.

In addition, the Foreign Investment Law further specifies that foreign investments shall be conducted in line with the negative list issued by or approved to be issued by the State Council. If a foreign invested enterprise or a foreign invested entity (the “**FIE**”) proposes to conduct business in an industry subject to foreign investment “restrictions” in the “negative list”, the FIE must meet certain conditions under the “negative list” before being established. An FIE shall not conduct or engage in business in an industry subject to foreign investment “prohibitions” in the “negative list”. It is uncertain whether the businesses operated by Show Times (Chongqing) from time to time will be or continue to be subject to the foreign investment restrictions or prohibitions under the “negative list” to be issued in future.

Since there are uncertainties with respect to the interpretation and implementation of the newly enacted Foreign Investment Law, the Board will closely monitor the development of the Foreign Investment Law with the assistance of the Company’s PRC legal adviser, including but not limited to any new negative list issued by or approved to be issued by the State Council, or any future laws, administrative regulations or provisions prescribed by relevant governmental authorities. The Company will then discuss with its PRC legal adviser in order to assess any possible impact arising from the development of the Foreign Investment Law on the Business Collaboration Agreements and the business operation of the Group.

In case there would be material and adverse effect on the Group or the business of the Majestic State Group arising from the Foreign Investment Law, the Company will disclose, as soon as possible: (i) updates of material development to the Foreign Investment Law as and when it occurs; and (ii) specific measures taken by the Company to fully comply with the development to the Foreign Investment Law supported by a PRC legal opinion and any material impact of the development of the Foreign Investment Law on the Company’s operations and financial position.

The Business Collaboration Agreements, in the worst case scenario, may be regarded as invalid and illegal. As a result, the Group may be required to dispose of the business under the Business Collaboration Agreements and will lose rights to receive the economic benefits from Show Times (Chongqing), such that the financial results of Show Times (Chongqing) would no longer be consolidated into the Company’s financial results and the Company will have to de-recognise assets and liabilities of Show Times (Chongqing) according to the relevant accounting standards. If the Company no longer has a sustainable business after such disposal, the Stock Exchange may delist the Company.

REPORT OF THE DIRECTORS (CONTINUED)

2. *The Contractual Arrangement may not be as effective in providing Majestic State with control over Show Times (Chongqing) as direct ownership*

   The Group will rely on the Contractual Arrangement to conduct Business in the PRC. The Contractual Arrangement may not be as effective in providing the Group with control over Show Times (Chongqing) as equity ownership. If the Group could become the legal owner of 100% of Show Times (Chongqing) with direct ownership, it would be able to exercise its rights as shareholder, rather than the rights under the powers of attorney, to effect changes to its board of directors, which in turn could implement changes at the management and operational level. However, under the current Contractual Arrangement, as a legal matter, if Show Times (Chongqing) or the Registered Owners fail to perform their respective obligations under the Contractual Arrangement, the Group will not be able to direct the corporate action of Show Times (Chongqing) as the direct ownership would otherwise entail, and therefore the Group may be unable to maintain an effective control over the operations of Show Times (Chongqing). If the Group loses effective control over Show Times (Chongqing) after Completion, the Group would not be able to consolidate the results of operations of Show Times (Chongqing).

3. *The Registered Owners may have conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition*

   The Registered Owners are the legal owners of Show Times (Chongqing) and their interests may differ from the interests of the Company as a whole. The Company cannot assure that when conflicts of interest arise, the Registered Owners will act in the best interests of the Company or that such conflicts will be resolved in the favour of the Group. In addition, the Registered Owners may breach, or cause Show Times (Chongqing) to breach, or refuse to renew, the existing Contractual Arrangement. If the Group cannot resolve any conflict of interest or dispute with the Registered Owners, the Group would have to rely on legal proceedings, which could result in disruption of the Group's business and subject the Group to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede the Group's ability to enforce the Contractual Arrangement. If the Group is unable to resolve any such conflicts, or if the Group experiences significant delays or other obstacles or subject to claims from third parties as a result of such conflicts, its business and operations could be severely disrupted, which could materially and adversely affect its results of operations.

   In addition, although the Share Pledge Agreement to be entered into with the Registered Owners provides that the pledged equity interests constitute continuing security for any and all of the indebtedness, obligations and liabilities under all of the principal service agreements, it is possible that a PRC court could take the position that the amounts listed on the equity pledge registration forms or estimated in the equity pledge agreements represent the full amounts of the collateral that have been registered and perfected. If this were to happen, the obligations that are supposed to be secured in the Share Pledge Agreement in excess of the amounts listed on the equity pledge registration forms or estimated in the equity pledge agreements could be deemed unsecured debts by the PRC court, which take the last priority among creditors.

REPORT OF THE DIRECTORS (CONTINUED)

4. *The Group's exercise of the option to acquire the equity interest of Show Times (Chongqing) may be subject to certain limitations and the Group may incur substantial costs*

   The Group may incur substantial cost in the exercise of the option to acquire the equity interests in Show Times (Chongqing). Pursuant to the Contractual Arrangement, the WFOE has the exclusive right to require the Registered Owners to transfer its equity interests in Show Times (Chongqing), in whole or in part, to WFOE or a third party designated by the WFOE at any time and from time to time, at the lowest price allowed under PRC laws and regulations at the time of transfer. If the relevant PRC authorities determine that the purchase prices for acquiring Show Times (Chongqing) are below the market value, they may require the WFOE to pay enterprise income tax for ownership transfer income with reference to the market value. The amount of the tax may be substantial, which could materially and adversely affect the Group's business, financial condition and results of operations.

5. *Any failure by Show Times (Chongqing) to perform its obligations under the Contractual Arrangement would potentially lead to the incurrence of additional costs and the expending of substantial resources on the part of the Group to enforce such arrangements, temporary or permanent loss of control over the primary operations or loss of access to the primary sources of revenue of the Group*

   Under the current Contractual Arrangement, if Show Times (Chongqing) fails to perform its obligations under the Contractual Arrangement, the Group may incur substantial costs and resources to enforce such arrangements and rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief and claiming damages. The Contractual Arrangement is governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, the Business Collaboration Agreements will be interpreted in accordance with PRC laws and any disputes will be resolved in accordance with PRC legal procedures. Under PRC laws, rulings by arbitrators are final and the parties to a dispute cannot appeal the arbitration results in any court based on the substance of the case. The prevailing party may enforce the arbitration award by instituting arbitration award recognition proceedings with a competent PRC court. The legal environment in the PRC is not as developed as in other jurisdictions, such as Hong Kong. As a result, uncertainties in the PRC legal system could limit the Group's ability to enforce the Business Collaboration Agreements. If the Group is unable to enforce the Contractual Arrangement, it may not be able to exert effective control over Show Times (Chongqing) and the Registered Owners. As a result, the business and operations of the Group could be severely disrupted, which could materially and adversely affect the business, financial condition and results of operations of the Group.

REPORT OF THE DIRECTORS (CONTINUED)

6. *Certain terms of the Contractual Arrangement may not be enforceable under PRC laws*

The Contractual Arrangement provides for dispute resolution by way of arbitration in accordance with the arbitration rules of the Shenzhen Court of International Arbitration. The Contractual Arrangement provides that the arbitral body may award remedies over the equity interests and/or assets of Show Times (Chongqing), injunctive relief and/or winding up of Show Times (Chongqing). In addition, the Contractual Arrangement provides that courts in the PRC, Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, the Company's PRC legal adviser advised that the above-mentioned provisions contained in the Contractual Arrangement may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final winding-up order to preserve the assets of or any equity interest in Show Times (Chongqing) in case of disputes. Therefore, such remedies may not be available to the Group, notwithstanding the relevant contractual provisions contained in the Contractual Arrangement. PRC laws allow an arbitral body to award the transfer of assets of or equity interests in Show Times (Chongqing) in favor of an aggrieved party. In the event of noncompliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC laws, courts of judicial authorities in the PRC generally do not grant injunctive relief or the winding-up order against Show Times (Chongqing) as interim remedies to preserve the assets or equity interests in favor of any aggrieved party. The Company's PRC legal adviser is also of the view that, even though the Contractual Arrangement provides that courts in Hong Kong and the Cayman Islands may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favor of an aggrieved party) may not be recognised or enforced by PRC courts. As a result, in the event that Show Times (Chongqing) or the Registered Owners breach any of the Business Collaboration Agreements, the Group may not be able to obtain sufficient remedies in a timely manner, and the Group's ability to exert effective control over Show Times (Chongqing) and conduct Business could be materially and adversely affected.

7. *If Show Times (Chongqing) becomes subject to winding up or liquidation proceedings, the Group may lose the ability to use and enjoy certain important assets held by Show Times (Chongqing), which could negatively impact the business of the Group*

Show Times (Chongqing) holds assets that are essential to the Business, including equipment and facilities related to operation of internet culture business. If Show Times (Chongqing) goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, the Group may be unable to continue some or all of the Business, which could materially and adversely affect the business, financial condition and results of operations of the Group. If Show Times (Chongqing) undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering the Group's ability to operate the Business.

REPORT OF THE DIRECTORS (CONTINUED)

8. *The Company does not have any insurance which covers the risks relating to the Business Collaboration Agreements and the transactions contemplated thereunder*

   The insurance of the Group does not cover the risks relating to the Contractual Arrangement and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the Contractual Arrangement in the future, such as those affecting the enforceability of the Business Collaboration Agreements and the relevant agreements for the transactions contemplated thereunder and the operation of Show Times (Chongqing), the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk.

9. *Economic risks that the Majestic State Group bears as the primary beneficiary of Show Times (Chongqing), financial support to Show Times (Chongqing) and potential exposure of the Majestic State Group to losses*

   As the primary beneficiary of Show Times (Chongqing) (through Show Times (Hong Kong) and the WFOE), Majestic State shares both profit and loss of Show Times (Chongqing). Equally, Majestic State bears economic risks which may arise from difficulties in the operation of Show Times (Chongqing)'s business. The Majestic State Group may have to provide financial support in the event of financial difficulty of Show Times (Chongqing). Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of Show Times (Chongqing) and the need to provide financial support to Show Times (Chongqing).

F. Material change in relation to the Business Collaboration Agreements

During the year ended 30 June 2021, there is no material change in the Business Collaboration Agreements and/or the circumstances under which they were adopted.

G. Unwinding the Business Collaboration Agreements

During the year ended 30 June 2021, there has not been any unwinding of any Business Collaboration Agreements, nor has there been any failure to unwind any Business Collaboration Agreements when the restrictions that led to the adoption of the Business Collaboration Agreements are removed. For more details, please refer to the announcement of the Company dated 23 November 2020.

In the event that the PRC regulatory environment changes and all of the foreign ownership restrictions are removed (and assuming there are no other changes in the relevant PRC laws and regulations), the Group will procure the Majestic State Group to exercise the call option under the Option Agreement to hold all of the interest in Show Times (Chongqing) and unwind the Business Collaboration Agreements accordingly as permitted by the applicable PRC laws and regulations at the relevant time.

REPORT OF THE DIRECTORS (CONTINUED)

H. Profit guarantee provided by Mr. Mu and ROC Arise Holdings Limited ("ROC")

As disclosed in the announcements of the Company dated 23 November 2020, 30 November 2020 and 29 January 2021, Mr. Mu, being an executive director (a "Director") of the Company, has been the majority ultimate beneficial owner of ROC, being the vendor of the 80% shareholding of Majestic State, and personally guaranteed the performance of the obligations of ROC under the SPA. Mr. Mu is also the majority legal owner of Show Times (Chongqing).

Pursuant to the conditional sale and purchase agreement dated 23 November 2020 and entered into between the Company, ROC and Mr. Mu (the "SPA"), a profit guarantee had been provided by ROC (which was in turn personally guaranteed by Mr. Mu), details of which are set out in the announcement of the Company dated 23 November 2020.

Mr. Mu has been a director of Majestic State since the date of its incorporation on 15 May 2020. As such, Mr. Mu has become a connected person of the Company at subsidiary level since Majestic State has become a non-wholly owned subsidiary of the Company on 30 November 2020 and has become a connected person at the Company's level since he was appointed as an executive Director on 29 January 2021. Accordingly, the guarantees provided by Mr. Mu and ROC under the SPA are subject to the requirements of annual review and disclosure (including publishing announcement and annual reporting) under Chapter 14A pursuant to Rule 14A.60(1) of the Listing Rules.

If the actual performance of Show Times (Chongqing) fails to meet the guarantees under the SPA as disclosed in the announcement dated 23 November 2020, the Company will make relevant disclosures in order to comply with the disclosure requirements under Rule 14A.63 of the Listing Rules. During the year ended 30 June 2021, the actual performance of Show Times (Chongqing) has met the guarantees under the SPA.

I. Compliance with the Contractual Arrangement

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Business Collaboration Agreements and its compliance with the Business Collaboration Agreements:

1. *Management controls*

    (i) The Group has appointed a board representative (the "Representative") to the board of Show Times (Chongqing). The Representative is required to conduct weekly reviews on the operations of Show Times (Chongqing) and shall submit the weekly reviews to the Board. The Representative is also required to check the authenticity of the monthly management accounts of Show Times (Chongqing);

    (ii) The Representative shall establish a team to be funded by the Group who shall station at Show Times (Chongqing) and shall be actively involved in various aspects of the daily managerial and operational activities of Show Times (Chongqing);

    (iii) Upon being aware of any major events of Show Times (Chongqing), the Representative shall report to the Board;

    (iv) The Representative shall conduct regular site visits to Show Times (Chongqing) and conduct personnel interviews quarterly and submit reports to the Board; and

REPORT OF THE DIRECTORS (CONTINUED)

(v) All seals, chops, incorporation documents and all other legal documents of Show Times (Chongqing) must be kept at the office of the WFOE.

2. *Financial controls*

(i) The Representative shall collect monthly management accounts, bank statements and cash balances and major operational data of Show Times (Chongqing) for review. Upon discovery of any suspicious matters, the Representative must report to the Board;

(ii) If the payment of the service fees from Show Times (Chongqing) to the WFOE is delayed, the Representative must meet with the Registered Owners to investigate and should report any suspicious matters to the Board. In extreme cases, the Registered Owners will be removed and replaced;

(iii) Show Times (Chongqing) must submit copies of latest bank statements for every bank accounts of Show Times (Chongqing) within 15 days after each month end; and

(iv) Show Times (Chongqing) must assist and facilitate the Company to conduct quarterly on-site internal audit on Show Times (Chongqing).

In addition, notwithstanding that one of executive Directors, being Mr. Mu, is also an indirect shareholder of Majestic State, the Board believes that the Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently under the following measures:

(i) the decision-making mechanism of the Board as set out in its articles of association includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;

(ii) each of the Company's Directors is aware of his fiduciary duties as a Director which requires, amongst other things, that he acts for the benefits and in the best interests of the Group;

(iii) the Company has appointed not less than three independent non-executive Directors, comprising over one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Company and its shareholders as a whole; and

(iv) the Company will disclose in its announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with our Group.

REPORT OF THE DIRECTORS (CONTINUED)

Confirmation from the independent non-executive Directors

The independent non-executive Directors have reviewed the Business Collaboration Agreements and transactions conducted pursuant thereto (including the guarantees under the SPA) (collectively, the "Continuing Connected Transactions") and confirmed that during the year ended 30 June 2021:

(i) the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group;

(ii) the Continuing Connected Transactions are on normal commercial terms or better;

(iii) the Continuing Connected Transactions have been entered into in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(iv) no dividends or other distributions have been made by Show Times (Chongqing) to the holders of equity interest which are not otherwise subsequently assigned or transferred to the Majestic State Group.

Auditor's confirmation

The Company's Auditor (as defined below) was engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued their letter containing their findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rule. Based on procedures performed by the Auditor:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board.

(ii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant provisions of the Sale and Purchase Agreement and Business Collaboration Agreements as defined in the Company's announcement dated 23 November 2020, 30 November 2020 and 29 January 2021.

(iii) nothing has come to their attention that causes them to believe that dividends or other distributions have been made by Show Times (Chongqing) to its holders of the equity interests which are not otherwise subsequently assigned or transferred to the Group.

REPORT OF THE DIRECTORS (CONTINUED)

J. Application for waiver from the Stock Exchange

Upon further considering the Business Collaboration Agreements, the Board considered that the transactions underlying the Business Collaboration Agreements may constitute continuing connected transactions and the Company is considering to apply for a waiver from strict compliance with the relevant continuing connected transactions requirements under Chapter 14A of the Listing Rules.

The Company will further announcement on this waiver application as and when appropriate.

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 FY2021.

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 important corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 17 to 31 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 2021 and as at the date of this report.

REPORT OF THE DIRECTORS (CONTINUED)

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

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' information since the date of the 2020/2021 Interim Report are set out below:

Mr. Shi Lizhi was appointed as the non-executive Director with effect from 16 March 2021.

INDEPENDENT AUDITOR

On 2 July 2021, Deloitte & Touche LLP ("Deloitte") resigned as the independent auditor of the Company (the "Independent Auditor"). Deloitte has confirmed in its resignation letter that there are no matters in respect of its resignation that need to be brought to the attention of the Company's shareholders or creditors.

The Board, with the recommendation of the audit committee of the Board, appointed HLB Hodgson Impey Cheng Limited ("HLB" or the "Auditor") as the new Independent Auditor with effect from 12 July 2021 to fill the casual vacancy following the resignation of Deloitte.

The consolidated financial statements for the year ended 30 June 2021 have been audited by HLB, which are proposed for reappointment at the forthcoming 2021 AGM.

On behalf of the Board

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

Singapore, 30 September 2021

INDEPENDENT AUDITOR'S REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF AM GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

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 67 to 146, which comprise the consolidated statement of financial position as at 30 June 2021, and 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 2021, 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 Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS – *continued*

Key audit matter	How our audit addressed the key audit matter
Acquisition of Majestic State International Limited ("Majestic State")	
Refer to Note 33 to the consolidated financial statements On 6 July 2020, the Group completed acquisition of 20% equity interest in Majestic State at an initial consideration of RMB12,000,000 (equivalent to S$2,365,000). The Group obtained significant influence over Majestic State and Majestic State was accounted for by the Group as an associate using the equity method of accounting. On 30 November 2020, the Group completed acquisition of additional 60% equity interest in Majestic State at an initial consideration of RMB66,000,000 (equivalent to S$13,405,000). The Group obtained control over Majestic State and Majestic State became subsidiary of the Company. The acquisition of Majestic State was achieved in stages and management accounted for the acquisition as a step acquisition in accordance with IFRS 3 *Business Combinations*. Management engaged independent qualified professional valuers to measure the fair value of the identifiable net assets acquired, the consideration transferred and equity interest previously held. The valuation process involves complex valuation model and significant judgement and estimations. As a result of the acquisition accounting, the Group recognised a goodwill of S$13,514,000 in the consolidated statement of financial position and a fair value gain on step acquisition of a subsidiary of S$1,453,000. Given the significance of the acquisition and significant judgement and estimations involved in the fair value measurement of identifiable net assets acquired and equity interest previously held, we have identified acquisition of Majestic State as a key audit matter.	Our audit procedures in relation to the acquisition of Majestic State included but not limited to: • Obtained and reviewed relevant contracts related to the acquisitions and evaluated management's process to identify goodwill and contingent consideration payable; • Evaluated the competence, capabilities and objectivity of the independent qualified professional valuers; • Obtained the valuation reports and evaluated the methodologies used; • Assessed the reasonableness of key assumptions applied by management by comparing them with our knowledge of relevant industry and using our valuation experts; and • Checked the arithmetical accuracy of the valuation model. We found acquisition of Majestic State was supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS – *continued*

Key audit matter	How our audit addressed the key audit matter
Expected credit loss ("ECL") assessment on trade receivables	
Refer to Note 24 to the consolidated financial statements The Group has trade receivables from third parties amounting to S$16,178,000 as at 30 June 2021. The creditworthiness of customers may be impacted by specific and/or macro-economic conditions, resulting in overdue trade receivables. The Group applied the simplified approach and calculated ECL based on lifetime expected losses on all trade receivables. This involves significant judgement as the ECL 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 ECL assessment, we have identified ECL assessment on trade receivables as a key audit matter.	Our audit procedures in relation to the management's ECL assessment on trade receivables included but not limited to: • 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 ECL; • Reviewed management's assessment of ECL model by applying historical collection data and forward-looking information; • Reviewed management's assessment of ECL of trade receivables through analyses of aging of receivables and 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 found ECL assessment on trade receivables was supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS – *continued*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from online e-commerce platform operation	
Refer to Note 5 to the consolidated financial statements During the year ended 30 June 2021, the Group's revenue from online e-commerce platform operation amounted to S$31,087,000, which mainly included commission income from merchant transactions proceed, technical service income and marketing service income. Revenue from online e-commerce platform operation comprises a high volume of individually low value transactions. The Group's information technology systems are complex and process a large volume of transactions. The completeness and accuracy of revenue from the Group's online e-commerce platform operation is highly reliant on the information technology systems. We identified the recognition of revenue from the online e-commerce platform operation as a key audit matter because revenue is one of the key performance indicators of the Group and involves complicated information technology systems, both of which give rise to an inherent risk on accuracy of revenue recorded.	Our audit procedures in relation to the revenue recognition from online e-commerce platform operation included but not limited to: • Obtained understanding and evaluated the design, implementation and operating effectiveness of key internal controls over the capturing and processing of revenue transactions, including the completeness and accuracy of the transaction details contained within the Group's information technology systems with support of our experts; • Obtained understanding on key manual internal controls over the reconciliation of transaction details captured by the Group's information technology systems with receipts from the online payment processing service providers; • Compared settlements received from customers with the relevant details in merchant transaction reports, products delivery reports, agreements and bank settlement record, on a sample basis; and • Compared the amount of commission income captured by the Group's information technology systems with corresponding details as set out in merchants' statements and recalculated the commission income recorded by the Group by inspecting merchant agreements, on a sample basis. We found the revenue recognition from online e-commerce platform operation were supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2020 were audited by another auditors who expressed an unmodified opinion on those statements on 30 September 2020.

OTHER INFORMATION

The directors 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 auditors' 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 the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion. This report is made solely to you, as a body, 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism 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 the directors.

- Conclude on the appropriateness of directors' 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 auditors' 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 auditors' 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 the Audit Committee 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 the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

From the matters communicated with the Audit Committee, 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 matter in our auditors' report unless law or regulation precludes public disclosure about the matters 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 director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Shek Lui
Practising Certificate Number: P05895

Hong Kong, 30 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 S$'000	2020 S$'000
Revenue	5	**54,437**	24,742
Cost of services		**(36,528)**	(16,050)
Gross profit		**17,909**	8,692
Other income	6	**1,440**	647
Other gains or losses	7	**1,853**	623
Selling expenses		**(3,038)**	(1,091)
General and administrative expenses		**(6,552)**	(4,739)
Impairment losses under expected credit loss model, net of reversal		**(1,165)**	(788)
Share of result of an associate		**664**	—
Finance costs	8	**(67)**	(66)
Profit before taxation		**11,044**	3,278
Income tax expense	9	**(1,624)**	(797)
Profit for the year	10	**9,420**	2,481
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**612**	*
Total comprehensive income for the year		**10,032**	2,481
Profit for the year attributable to:			
Owners of the Company		**7,732**	2,481
Non-controlling interests		**1,688**	—
		9,420	2,481
Total comprehensive income for the year attributable to:			
Owners of the Company		**8,297**	2,481
Non-controlling interests		**1,735**	—
		10,032	2,481
Earnings per share (in Singapore cents)			
Basic and diluted	14	**1.0**	0.3

* Amount less than S$1,000.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	2021 S$'000	2020 S$'000
Non-current assets			
Plant and equipment	15	**278**	77
Right-of-use assets	16	**1,396**	242
Investment property	17	**2,830**	2,750
Goodwill	18	**13,853**	–
Intangible assets	19	**8,295**	–
Deferred tax assets	22	**–**	44
Deposit paid for development of technological infrastructure	23	**2,858**	7,692
		29,510	10,805
Current assets			
Trade and other receivables	24	**23,096**	6,373
Bank balances and cash	25	**14,281**	19,125
		37,377	25,498
Current liabilities			
Trade and other payables	26	**15,570**	3,113
Contract liabilities	27	**4,779**	2,839
Lease liabilities	28	**741**	244
Bank borrowings	29	**134**	107
Income tax payable		**2,065**	908
		23,289	7,211
Net current assets		**14,088**	18,287
Total assets less current liabilities		**43,598**	29,092
Non-current liabilities			
Lease liabilities	28	**665**	–
Bank borrowings	29	**1,852**	2,007
Amount due to non-controlling interests	30	**571**	–
		3,088	2,007
Net assets		**40,510**	27,085

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

	Notes	2021 S$'000	2020 S$'000
Capital and reserves			
Share capital	31	**1,389**	1,389
Share premium	32	**19,366**	19,366
Reserves		**14,816**	6,330
Equity attributable to owners of the Company		**35,571**	27,085
Non-controlling interests		**4,939**	—
Total equity		**40,510**	27,085

The consolidated financial statements on pages 67 to 146 were approved and authorised for issue by the board of directors on 30 September 2021 and are signed on its behalf by:

Teo Li Lian
Chairlady and Executive Director

Teo Kuo Liang
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Attributable to owners of the Company								
	Share capital S$'000	Share premium S$'000	Merger reserve S$'000	Translation reserve S$'000	Statutory reserve S$'000	Retained earnings S$'000	Sub-total S$'000	Non-controlling interests S$'000	Total S$'000
As at 1 July 2019	1,389	19,366	220	92	–	3,537	24,604	–	24,604
Profit for the year	–	–	–	–	–	2,481	2,481	–	2,481
Other comprehensive income for the year:									
Exchange differences on translation of a foreign operation	–	–	–	*	–	–	*	–	*
Total comprehensive income	–	–	–	*	–	2,481	2,481	–	2,481
As at 30 June 2020 and as at 1 July 2020	**1,389**	**19,366**	**220**	**92**	**–**	**6,018**	**27,085**	**–**	**27,085**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**7,732**	**7,732**	**1,688**	**9,420**
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**565**	**–**	**–**	**565**	**47**	**612**
Total comprehensive income	**–**	**–**	**–**	**565**	**–**	**7,732**	**8,297**	**1,735**	**10,032**
Non-controlling interests arising on acquisition of a subsidiary (Note 33)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,093**	**1,093**
Non-controlling interests arising on change in ownership interests in subsidiaries without loss of control (Note 34)	**–**	**–**	**–**	**–**	**–**	**189**	**189**	**2,111**	**2,300**
Transfer of reserve	**–**	**–**	**–**	**–**	**366**	**(366)**	**–**	**–**	**–**
As at 30 June 2021	**1,389**	**19,366**	**220**	**657**	**366**	**13,573**	**35,571**	**4,939**	**40,510**

* Amount less than S$1,000.

The accompanying notes form an integral part of theses consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	2021 S$'000	2020 S$'000
Operating activities		
Profit before taxation	**11,044**	3,278
Adjustments for:		
Depreciation of plant and equipment	**110**	79
Depreciation of investment property	**63**	68
Depreciation of right-of-use assets	**582**	259
Amortisation of intangible assets	**32**	—
Finance costs	**67**	66
Impairment loss on trade receivables, net of reversal	**1,165**	788
Impairment loss on investment property	**—**	245
Reversal of impairment loss on investment property	**(143)**	—
Loss on written off of plant and equipment	**4**	4
Termination of lease of right-of-use assets	**—**	10
Reversal of lease liabilities	**—**	(11)
Interest income from fixed deposits	**(13)**	(146)
Share of result of an associate	**(664)**	—
Fair value loss of contingent consideration	**20**	—
Fair value gain on step acquisition of a subsidiary	**(1,453)**	—
Exchange difference	**(49)**	(29)
Operating cash flows before movements in working capital	**10,765**	4,611
Movements in working capital:		
Increase in trade and other receivables	**(8,000)**	(279)
Increase/(decrease) in trade and other payables	**9,942**	(3,335)
Decrease in contract liabilities	**(354)**	(244)
Cash generated from operations	**12,353**	753
Interest paid on lease liabilities	**(27)**	(8)
Income tax paid	**(1,657)**	(1,130)
Net cash generated from/(used in) operating activities	**10,669**	(385)

The accompanying notes form an integral part of theses consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

	2021 S$'000	2020 S$'000
Investing activities		
Purchase of plant and equipment	**(224)**	(73)
Purchase of intangible assets	**(21)**	–
Deposit paid for development of technological infrastructure	**(2,858)**	(7,199)
Proceed from disposal of plant and equipment	**–**	2
Acquisition of an associate	**(2,365)**	–
Net cash outflow on acquisition of a subsidiary	**(12,517)**	–
Interest received from fixed deposits	**13**	146
Net cash used in investing activities	**(17,972)**	(7,124)
Financing activities		
Repayment of bank borrowings	**(128)**	(120)
Interest paid	**(40)**	(58)
Repayment of lease liabilities	**(567)**	(256)
Advance from non-controlling interests	**571**	–
Proceeds from disposal of partial interest in subsidiaries without loss of control	**2,300**	–
Proceeds from issuance of shares under share offer (Note)	**–**	17,251
Net cash generated from financing activities	**2,136**	16,817
Net (decrease)/increase in cash and cash equivalents	**(5,167)**	9,308
Cash and cash equivalents at beginning of the year	**19,125**	9,788
Effect of foreign exchange rate changes	**323**	29
Cash and cash equivalents at end of the year	**14,281**	19,125

Note: The total proceeds from issuance of shares amounted to S$22,567,000, out of which S$17,251,000 was received during the year ended 30 June 2020.

The accompanying notes form an integral part of theses consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

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

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

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as the "Group") are principally engaged in the provision of marketing services and operation of online e-commerce platform as set out in Note 41.

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

The consolidated financial statements are approved by the board of directors of the Company on 30 September 2021.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 July 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	Covid-19-Related Rent Concessions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[3]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to IAS 8	Definition of Accounting Estimates[4]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[3]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020[3]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for annual periods beginning on or after 1 April 2021.

3 Effective for annual periods beginning on or after 1 January 2022.

4 Effective for annual periods beginning on or after 1 January 2023.

5 Effective for annual periods beginning on or after a date to be determined.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values 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 IFRS 16 *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*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Basis of consolidation — continued

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Business combinations — continued

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 *Financial Instruments* would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Business combinations — continued

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Investment in an associate — continued

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Investment in an associate — continued

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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 *Revenue from Contracts with Customers*, 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.

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;
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

***Revenue recognition** — continued*

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.

Further details on the Group's revenue recognition policies are disclosed in Note 5.

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

Input method

For revenue from search engine marketing services, social media marketing services and online platform marketing services, 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.

Output method

For revenue from online platform management services (technical service income), the progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Leases — continued

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment property".

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Leases — continued

The Group as lessee — continued

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Leases — continued

The Group as lessee — continued

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Leases — continued

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Rental income is presented under "other income".

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.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Borrowing costs

All 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 related to income 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. Such grants are presented under "other income".

Employee benefits

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.

The employees employed by the Group's subsidiaries in the People's Republic of China (the "PRC") are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES – *continued*

Significant accounting policies – *continued*

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 temporary 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 differences 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Taxation — continued

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Plant and equipment

Plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Investment property — continued

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.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Intangible assets – continued

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on plant and equipment, right-of-use assets, investment property and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets, investment property and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment, right-of-use assets, investment property and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Impairment on plant and equipment, right-of-use assets, investment property and intangible assets other than goodwill — continued

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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) 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 CGU or a group of CGUs) 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets 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.

Financial assets 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 fair value through profit or loss ("FVTPL").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Financial instruments — continued

Financial assets — continued

Classification and subsequent measurement of financial assets — *continued*

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets 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 (see below). 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 from the next reporting period. If 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.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (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.

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. Assessments are done 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 conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and unbilled revenue without significant financing component.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Financial instruments — continued

Financial assets — continued

Impairment of financial assets — *continued*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as 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.

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 60 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. A financial instrument is determined to have low credit risk if (i) it has a low risk of default, (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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Financial instruments — continued

Financial assets — continued

Impairment of financial assets — *continued*

(ii) 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.

(iii) 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;

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

(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.

(iv) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Financial instruments — continued

Financial assets — continued

Impairment of financial assets — *continued*

(v) 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 and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables and unbilled revenue are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- 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.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES — *continued*

Significant accounting policies — *continued*

Financial instruments — 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.

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 or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, lease liabilities, bank borrowings and amount due to non-controlling interests are subsequently measured at amortised cost, using the effective interest method.

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 derecognized and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

4. 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 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

The Group uses provision matrix to calculate 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 24 and 39, respectively.

As at 30 June 2021, the carrying amounts of trade receivables of the Group were S$16,178,000 (2020: S$5,790,000) (Note 24).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 30 June 2021, the carrying amount of goodwill was S$13,853,000. Details of the recoverable amount calculation are disclosed in Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5. REVENUE AND SEGMENT INFORMATION

Revenue

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

	2021 S$'000	2020 S$'000
Search engine marketing services	**19,311**	19,175
Creative and technology services	**2,462**	4,482
Social media marketing services	**1,577**	1,085
Online platform management services	**29,471**	—
Online platform marketing services	**1,616**	—
	54,437	24,742

	2021 S$'000	2020 S$'000
Timing of revenue recognition:		
Over time:		
— Search engine marketing services	**19,311**	19,175
— Social media marketing services	**1,577**	1,085
— Online platform management services	**15,972**	—
— Online platform marketing services	**1,616**	—
	38,476	20,260
At point in time:		
— Creative and technology services	**2,462**	4,482
— Online platform management services	**13,499**	—
	15,961	4,482
Total revenue	**54,437**	24,742

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

The Group provides search engine marketing services and social media marketing services to customers. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance. Revenue is recognised for these search engine marketing services and social media marketing services based on the stage of completion of the contract using input method. The Group generally requires customers to provide upfront payments of certain percentage of the contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit. The period for these services is generally within 1 year. Revenues recognised from these services are based on a fixed fee. The Group generally bills the remaining balances on a periodic basis and provides credit terms of 7 days (2020: 7 days) to its customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5. REVENUE AND SEGMENT INFORMATION – *continued*

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 been transferred to the customers (i.e. service performed) as the Group has the right to payment for its services and customers have accepted its services. Revenue recognised from creative and technology services are based on a fixed fee. The Group generally bills its customers when services are performed and provides credit terms of 7 days (2020: 7 days) to its customers.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5. REVENUE AND SEGMENT INFORMATION — *continued*

Segment information

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

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

1. Search engine marketing services — online marketing services in Singapore and Malaysia that involves the promotion of websites by increasing their visibility in search engine results pages primarily through paid advertising.

2. Creative and technology services — website development and hosting and other advertisement supporting services in Singapore and Malaysia.

3. Social media marketing services — online advertising services in Singapore and Malaysia that utilises the unique features of social media platform to deliver customised information to specific target customers.

4. Online e-commerce platform operation — technical services, commission for transaction proceeds and marketing services on the online e-commerce platform in the PRC.

During the year ended 30 June 2021, the Group commenced the business engaging in online e-commerce platform operation along with the acquisition of Majestic State International Limited ("Majestic State") (as detailed in Note 33), and it is considered as a new operating and reportable segment by the CODM.

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

During the year ended 30 June 2020, no operating segments have been aggregated in arriving at the reportable segments of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5. 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 2021

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5. REVENUE AND SEGMENT INFORMATION — *continued*

Segment information — *continued*

Year ended 30 June 2020

	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	19,175	4,482	1,085	24,742
RESULTS				
Segment profit	4,672	3,778	242	8,692
Other income				647
Other gains or losses				623
Selling expenses				(1,091)
General and administrative expenses				(4,739)
Impairment losses under ECL model, net of reversal				(788)
Finance costs				(66)
Profit before taxation				3,278

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of general and administrative expenses, selling expenses, finance costs, other income, other gains or losses, impairment losses under ECL model, net of reversal and share of result of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5. 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:

	2021 **S$'000**	2020 S$'000
Singapore (country of domicile)	**21,896**	22,858
Malaysia	**1,454**	1,884
PRC	**31,087**	—
	54,437	24,742

Non-current assets by geographical location

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

	2021 **S$'000**	2020 S$'000
Singapore (country of domicile)	**11,046**	3,103
British Virgin Islands	**—**	7,692
Malaysia	**221**	10
PRC	**18,243**	—
	29,510	10,805

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the years ended 30 June 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

6. OTHER INCOME

	2021 S$'000	2020 S$'000
Government grants (Note)	1,147	301
Rental income	60	109
Interest income from fixed deposits	13	146
Others	220	91
	1,440	647

Note: Included in government grants during the year ended 30 June 2021 was mainly grant provided by Singapore Government for wages paid to local employees under the Job Support Scheme amounted to S$352,000 (2020: S$252,000) and rental subsidies provided by the PRC local government authority amounted to S$732,000 (2020: Nil). The grant income is recognised on a systematic basis over the estimated period of economic uncertainty in which the Group recognises the related costs.

7. OTHER GAINS OR LOSSES

	2021 S$'000	2020 S$'000
Net exchange gains	420	623
Fair value loss of contingent consideration	(20)	—
Fair value gain on step acquisition of a subsidiary (Note 33)	1,453	—
	1,853	623

8. FINANCE COSTS

	2021 S$'000	2020 S$'000
Interest on bank borrowings	40	58
Interest on lease liabilities	27	8
	67	66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

9. INCOME TAX EXPENSE

	2021 S$'000	2020 S$'000
Tax expense comprises:		
Current tax:		
— Singapore corporate income tax ("CIT")	—	650
— Malaysia corporate tax	36	83
— PRC enterprise income tax ("EIT")	1,469	—
Under provision from prior years	75	76
Deferred tax (Note 22)	44	(12)
	1,624	797

No provision for Singapore CIT has been made as no assessable profit arises in, nor is derived from, Singapore during the year ended 30 June 2021.

Singapore CIT is calculated at 17% of the estimated assessable profit for the year ended 30 June 2020.

Malaysia corporate tax is calculated at 24% (2020: 24%) of the estimated assessable profit for the year.

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

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:

	2021 S$'000	2020 S$'000
Profit before taxation	11,044	3,278
Tax at Singapore CIT rate of 17%	1,877	557
Tax effect of income tax not taxable for tax purpose	(415)	(84)
Tax effect of different tax rate in foreign jurisdiction	(221)	1
Tax effect of expenses not deductible for tax purpose	287	279
Tax effect of share of result of an associate	(100)	—
Effect of tax concessions and partial tax exemptions	—	(32)
Effect of tax loss not recognised	121	—
Under provision from prior years	75	76
	1,624	797

* *for identification purposes only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2021 S$'000	2020 S$'000
Directors' emoluments (Note 11):		
Fees	**75**	90
Salaries, allowances and other benefits	**971**	1,328
Discretionary bonuses	**1,200**	50
Retirement benefit scheme contributions	**36**	44
	2,282	1,512
Other staff costs:		
Salaries, allowances and other benefits	**4,703**	3,258
Retirement benefit scheme contributions	**453**	399
	5,156	3,657
Total staff costs	**7,438**	5,169
Auditors' remuneration	**226**	185
Online e-commerce platform license fee (included in cost of service)	**8,861**	—
Depreciation expenses:		
Investment property	**63**	68
Plant and equipment	**110**	79
Right-of-use assets	**582**	259
Loss on written off of plant and equipment	**4**	4
Amortisation of intangible assets	**32**	—
Impairment loss on trade receivables, net of reversal	**1,165**	788
Impairment loss on investment property	**—**	245
Reversal of impairment loss on investment property	**(143)**	—
Gross rental income from an investment property	**(60)**	(109)
Less: direct operating expenses incurred for investment property that generated rental income during the year	**63**	68
	3	(41)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

11. 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. Mu Lei	Executive director	29 January 2021
Mr. Shi Lizhi	Non-executive director	16 March 2021
Mr. Chung Kwok Hoe	Independent non-executive director	3 June 2019
Mr. Tan Eng Ann (Note a)	Independent non-executive director	3 June 2019
Mr. Lee Shy Tsong	Independent non-executive director	3 June 2019
Ms. Zhang Hong (Note b)	Independent non-executive director	22 September 2020

Notes:

(a) Mr. Tan Eng Ann retired as independent non-executive director at the annual general meeting held on 20 November 2020.

(b) Ms. Zhang Hong was re-designated from non-executive director to independent non-executive director on 19 January 2021.

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive officer (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 2021

	Fees S$'000	Salaries, allowances and other benefits S$'000	Discretionary bonuses S$'000	Retirement benefit scheme contributions S$'000	Total S$'000
Ms. Teo Li Lian	–	472	600	17	1,089
Mr. Teo Kuo Liang	–	442	600	17	1,059
Mr. Mu Lei	–	33	–	1	34
Mr. Shi Lizhi	–	22	–	1	23
Mr. Chung Kwok Hoe	30	–	–	–	30
Mr. Tan Eng Ann	12	–	–	–	12
Mr. Lee Shy Tsong	30	–	–	–	30
Ms. Zhang Hong	3	2	–	–	5
	75	971	1,200	36	2,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS — *continued*

Year ended 30 June 2020

	Fees S$'000	Salaries, allowances and other benefits S$'000	Discretionary bonuses S$'000	Retirement benefit scheme contributions S$'000	Total S$'000
Ms. Teo Li Lian	—	674	25	22	721
Mr. Teo Kuo Liang	—	654	25	22	701
Mr. Chung Kwok Hoe	30	—	—	—	30
Mr. Tan Eng Ann	30	—	—	—	30
Mr. Lee Shy Tsong	30	—	—	—	30
	90	1,328	50	44	1,512

The executive directors' emoluments shown above were for their services in connection with the management affairs of the Company and the Group. Certain of the executive directors of the Company are entitled to discretionary bonuses payments which are determined based on operating results of the Group and the performance of the executive directors.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group for the year ended 30 June 2021 include two (2020: two) directors (details of whose emoluments are set out in Note 11 above). Details of the emoluments of the remaining three (2020: three) highest paid individuals for the year ended 30 June 2021 and 2020 are as follows:

	2021 S$'000	2020 S$'000
Salaries, allowances and other benefits	**568**	598
Retirement benefits scheme contributions	**52**	55
	620	653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

12. FIVE HIGHEST PAID EMPLOYEES — *continued*

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:

	2021	2020
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**2**	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.

13. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

14. EARNINGS PER SHARE

	2021	2020
Profit attributable to the owners of the Company (S$'000)	**7,732**	2,481
Weighted average number of ordinary shares in issue ('000)	**800,000**	800,000
Basic and diluted earnings per share (Singapore cents)	**1.0**	0.3

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

Diluted earnings per share is the same as the basic earnings per share because the Group had no potential dilutive securities that were convertible into shares during the years ended 30 June 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15. PLANT AND EQUIPMENT

	Leasehold improvements S$'000	Furniture and fixtures S$'000	Computers S$'000	Office equipment S$'000	Motor vehicle S$'000	Total S$'000
Cost:						
As at 1 July 2019	110	64	177	21	–	372
Additions	3	–	57	13	–	73
Disposals	–	(10)	(2)	–	–	(12)
Written off	(18)	(1)	–	–	–	(19)
As at 30 June 2020 and 1 July 2020	95	53	232	34	–	414
Additions	128	27	43	26	–	224
Acquired on acquisition of subsidiaries (Note 33)	–	–	–	29	61	90
Written off	–	(3)	–	(1)	–	(4)
Exchange adjustments	(2)	–	–	1	2	1
As at 30 June 2021	**221**	**77**	**275**	**89**	**63**	**725**
Accumulated depreciation:						
As at 1 July 2019	61	39	170	13	–	283
Depreciation	21	12	42	4	–	79
Eliminated on disposals	–	(8)	(2)	–	–	(10)
Written off	(14)	(1)	–	–	–	(15)
As at 30 June 2020 and 1 July 2020	68	42	210	17	–	337
Depreciation	38	14	37	13	8	110
Exchange adjustments	–	–	(1)	1	–	–
As at 30 June 2021	**106**	**56**	**246**	**31**	**8**	**447**
Carrying values:						
As at 30 June 2020	27	11	22	17	–	77
As at 30 June 2021	**115**	**21**	**29**	**58**	**55**	**278**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15. PLANT AND EQUIPMENT — *continued*

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%
Motor vehicle	20%

16. RIGHT-OF-USE ASSETS

The Group leases office space for an average lease term of 3 years (2020: 2 years).

	Office space S$'000
Cost:	
As at 1 July 2019	511
Termination of lease	(27)
As at 30 June 2020 and 1 July 2020	484
Acquired on acquisition of subsidiaries (Note 33)	520
Additions	718
Modification of leases	481
Exchange adjustments	20
As at 30 June 2021	**2,223**
Accumulated depreciation:	
As at 1 July 2019	—
Depreciation	259
Termination of lease	(17)
As at 30 June 2020 and 1 July 2020	242
Depreciation	582
Exchange adjustments	3
As at 30 June 2021	**827**
Carrying values:	
As at 30 June 2020	242
As at 30 June 2021	**1,396**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

16. RIGHT-OF-USE ASSETS — *continued*

During the year ended 30 June 2021, the Group entered into new lease contracts for office spaces in Malaysia and the PRC. The new lease contracts are entered into for a fixed term of 3 years. An addition of right-of-use assets of S$718,000 was recognised. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 30 June 2021, certain lease contracts for office space in Singapore were modified to include a one-year extension option. The Group assesses that it is reasonably certain to exercise the extension option at lease modification date. The modification resulted in an addition of right-of-use asset of S$481,000.

During the year ended 30 June 2020, the Group has terminated lease contract for office space in its Malaysia operation. The early termination resulted in a termination of lease of right-of-use asset of S$10,000 and reversal of corresponding lease liabilities of S$11,000.

17. INVESTMENT PROPERTY

	Leasehold property S$'000
Cost:	
As at 1 July 2019, 30 June 2020, 1 July 2020 and 30 June 2021	**3,397**
Accumulated depreciation:	
As at 1 July 2019	334
Depreciation	68
As at 30 June 2020 and 1 July 2020	402
Depreciation	63
As at 30 June 2021	**465**
Accumulated impairment loss:	
As at 1 July 2019	—
Impairment loss recognised	245
As at 30 June 2020 and 1 July 2020	245
Impairment loss reversed	(143)
As at 30 June 2021	**102**
Carrying values:	
As at 30 June 2020	2,750
As at 30 June 2021	**2,830**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

17. INVESTMENT PROPERTY — *continued*

The Group's property interest is leased out under operating leases for lease terms of 2 years and 3 months (2020: 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 2020 and 2021 (Note 29).

As at 30 June 2021, the fair value of the investment property amounted to approximately S$2,830,000 (2020: S$2,750,000). The fair value has been arrived at based on a valuation carried out by United Valuers Pte Ltd (2020: CKS Property Consultants Pte Ltd), an independent qualified valuer not connected to the Group. Direct comparison approach has been adopted, in arriving the open market value for the year ended 30 June 2021. 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. There has been no change from the valuation technique used in the prior year.

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

Details of the Group's investment property and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2021		2020	
	Carrying amount S$'000	**Fair value at Level 3 hierarchy S$'000**	Carrying amount S$'000	Fair value at Level 3 hierarchy S$'000
Commercial property in Singapore	**2,830**	**2,830**	2,750	2,750

18. GOODWILL

	Acquisition of Majestic State S$'000
Cost:	
As at 1 July 2020	—
Arising on acquisition of subsidiaries (Note 33)	13,514
Exchange adjustments	339
As at 30 June 2021	**13,853**
Accumulated impairment loss:	
As at 1 July 2020 and 30 June 2021	**—**
Carrying values:	
As at 30 June 2021	**13,853**

Particulars of impairment testing on goodwill are disclosed in Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

19. INTANGIBLE ASSETS

	Development costs S$'000	Trademarks S$'000	Softwares S$'000	Total S$'000
Cost:				
As at 1 July 2020	—	—	—	—
Additions	7,692	21	—	7,713
Acquired on acquisition of subsidiaries (Note 33)	420	28	151	599
Transfer	(427)	—	427	—
Exchange adjustments	7	—	9	16
As at 30 June 2021	**7,692**	**49**	**587**	**8,328**
Accumulated amortisation:				
As at 1 July 2020	—	—	—	—
Amortisation	—	2	30	32
Exchange adjustments	—	—	1	1
As at 30 June 2021	**—**	**2**	**31**	**33**
Carrying values:				
As at 30 June 2021	**7,692**	**47**	**556**	**8,295**

Capitalised development costs primarily related to search engine marketing services, creative and technology services and social media marketing services business segments. As at 30 June 2021, included in intangible assets were an amount of S$7,692,000 that are not yet available for use. These intangible assets were solely related to capitalised development costs.

The above items of intangible assets are amortised on a straight-line basis at the following rates per annum:

Trademarks	10%
Softwares	10%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

20. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 18 has been allocated to an individual CGU, namely Majestic State which is principally engaged in online e-commerce platform operation which provides online platform management services and online platform marketing services. The carrying amount of goodwill allocated to this CGU is as follows:

	Goodwill 2021 S$'000
Majestic State	**13,853**

In addition to goodwill above, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the above CGU for the purpose of impairment assessment.

The recoverable amount of this CGU was determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period.

The following table sets out the key assumptions for the value in use calculation of this CGU:

	2021
Pre-tax discount rate	**23.0%**
Long-term growth rate	**3.0%**

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to this CGU.

Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated above. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of this CGU to exceed its respective recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

21. INVESTMENT IN AN ASSOCIATE

	2021 S$'000
Cost of investment in an associate	2,365
Share of post-acquisition profits and other comprehensive income	682
Step acquisition of a subsidiary (Note 33)	(3,047)
	–

On 6 July 2020, the Company completed acquisition of 20% equity interest in Majestic State, a company incorporated in British Virgin Islands at a maximum consideration of RMB12,000,000 (equivalent to approximately S$2,365,000), subject to adjustment if the actual audited consolidated net profit after tax of Show Times (Chongqing) Technology Co., Limited ("Show Times Technology") for the financial year ended 31 December 2020 is less than RMB8,000,000. The guarantee profit was subsequently achieved and the consideration was paid in full. Investment in Majestic State is accounted for by the Group as an associate using equity method of accounting as the directors of the Company determined that the Group has significant influence over Majestic State. The principal activity of Majestic State is investment holding and its principal operating subsidiary, Show Times Technology is principally engaged in online e-commerce platform operation in PRC.

On 30 November 2020, the Company completed acquisition of additional 60% equity interest in Majestic State. The directors of the Company determined that the Group has obtained control over Majestic State. Majestic State ceased to be an associate of the Group and became a subsidiary of the Group (see Note 33 for details).

Summarised financial information of material associate

Majestic State

	From 6 July 2020 to 30 November 2020 S$'000
Revenue	12,760
Profit for the period	3,319
Other comprehensive income for the period	93
Total comprehensive income for the period	3,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

22. DEFERRED TAX ASSETS

The following is the deferred tax assets recognised by the Group and the movements thereon:

	Tax losses S$'000	Total S$'000
As at 1 July 2019	32	32
Credit to profit or loss for the year (Note 9)	12	12
As at 30 June 2020 and 1 July 2020	44	44
Charge to profit or loss for the year (Note 9)	(44)	(44)
As at 30 June 2021	**–**	**–**

At the end of the reporting period, the Group has unused estimated tax losses of S$710,000 (2020: Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of these unused estimated tax losses due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

23. DEPOSIT PAID FOR DEVELOPMENT OF TECHNOLOGICAL INFRASTRUCTURE

During the year ended 30 June 2019, the Group made an upfront deposit of S$493,000 to a vendor for development of technological infrastructure in relation to search engine marketing services, creative and technology services and social media marketing services business segments. The Group made a further deposit of S$7,199,000 during the year ended 30 June 2020. During the year ended 30 June 2021, development works amounted to S$7,692,000 have been commenced and the deposit has been transferred to development costs under intangible assets accordingly.

During the year ended 30 June 2021, the Group made an upfront deposit of S$2,858,000 to a vendor for development of technological infrastructure in relation to online e-commerce platform operation segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

24. TRADE AND OTHER RECEIVABLES

	2021 S$'000	2020 S$'000
Trade receivables (Note a)	**17,121**	4,613
Unbilled revenue (Note a)	**828**	2,029
	17,949	6,642
Less: allowance for ECL	**(1,771)**	(852)
	16,178	5,790
Deposits (Note b)	**4,209**	54
Prepayments (Note c)	**2,223**	86
Staff loans	**255**	309
Government grant receivables (Note d)	**—**	120
Other receivables	**231**	14
Total	**23,096**	6,373

Notes:

(a) The Group generally requires advance payments of certain percentage of contract sums from customers from search engine marketing services, creative and technology services and social media marketing services segments. The average credit period granted is 7 days (2020: 7 days).

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

24. TRADE AND OTHER RECEIVABLES — *continued*

Notes: — *continued*

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

	2021 S$'000	2020 S$'000
Unbilled revenue	**793**	1,994
Less than 30 days	**4,014**	1,125
31 to 60 days	**4,601**	614
61 to 90 days	**4,257**	393
Over 90 days	**2,513**	1,664
	16,178	5,790

In determining the recoverability of trade receivables (including unbilled revenue), the Group considers any changes in the credit quality of the balances from the date credit was initially granted up to the end of the reporting period. In the opinion of the directors of the Company, apart from those balances from which allowances have been provided, other balances 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.

Movement in lifetime ECL that has been recognised in accordance with simplified approach set out in IFRS 9 is as follows:

	Lifetime ECL — not credit-impaired S$'000	**Lifetime ECL — credit-impaired** S$'000	**Total** S$'000
As at 1 July 2019	—	239	239
Amounts charged to profit or loss	100	688	788
Written off	—	(175)	(175)
As at 30 June 2020 and 1 July 2020	100	752	852
Amounts charged to profit or loss	96	1,069	1,165
Written off	—	(246)	(246)
As at 30 June 2021	**196**	**1,575**	**1,771**

All of the above impairment losses are related to trade receivables (including unbilled revenue) arising from contracts with customers.

The movement for the year ended 30 June 2021, in lifetime ECL, has been recognised from trade receivables (including unbilled revenue) in accordance with the simplified approach set out in IFRS 9. During the year ended 30 June 2021, impairment loss of S$1,069,000 (2020: S$688,000) was recognised for credit-impaired balances and impairment loss of S$96,000 (2020: S$100,000) was recognised for non-credit impaired balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

24. TRADE AND OTHER RECEIVABLES — *continued*

Notes: — *continued*

(b) As at 30 June 2021, included in the Group's deposits balances, are security deposit of S$4,164,000 for the use of a software in relation to online e-commerce platform operation segment.

(c) As at 30 June 2021, included in the Group's prepayment balances, are prepaid cost of an information technology project.

(d) Government grant receivables related to Job Support Scheme provided by the Singapore Government announced in the Unity Budget and Resilience Budget on 18 February 2020 and 26 March 2020 respectively, which was received during the year ended 30 June 2021.

Details of the credit risk assessment are disclosed in Note 39.

25. BANK BALANCES AND CASH

	2021	2020
	S$'000	S$'000
Time deposits	**–**	2,277
Cash at bank and on hand	**14,281**	16,848
	14,281	19,125

Time deposits are placed with financial institutions at effective interest rates ranging from 1.68% to 3.90% per annum and for an average tenure of 6 to 12 months. These deposits with licensed banks can be withdrawn before due date if required without having to incur significant costs, and therefore, the carrying amounts approximate their fair values.

The directors of the Company considered that the ECL on bank balances and cash is insignificant as at 30 June 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

26. TRADE AND OTHER PAYABLES

	2021 S$'000	2020 S$'000
Trade payables (Note a)	**12,803**	1,986
Accrued expenses	**1,989**	326
Deposits received	**246**	250
Goods and services tax payables	**401**	280
Deferred government grant income (Note b)	**—**	179
Other payables	**131**	92
	15,570	3,113

Notes:

(a) The aging analysis of the trade payables based on invoice date at the end of reporting periods is as follows:

	2021 S$'000	2020 S$'000
1 to 30 days	**5,085**	1,021
31 to 60 days	**4,862**	954
61 to 90 days	**2,824**	5
91 to 120 days	**32**	6
	12,803	1,986

(b) Deferred government grant income of S$179,000 as at 30 June 2020 related to Job Support Scheme provided by the Singapore Government and the entire amount was recognised as government grant income during the year ended 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

27. 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:

	2021 S$'000	2020 S$'000
At the beginning of year	**2,839**	3,083
Acquired on acquisition of subsidiaries (Note 33)	**2,303**	—
Receipt from customers upon entering sales contracts during the year	**23,713**	20,016
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(2,839)**	(3,083)
Revenue recognised during the year that was related to receipt from customers in the same year	**(20,889)**	(17,177)
Exchange adjustments	**(348)**	—
At the end of year	**4,779**	2,839

Typical payment terms which impact on the amount of contract liabilities recognised are set out in Note 5.

28. LEASE LIABILITIES

	2021 S$'000	2020 S$'000
Maturity analysis:		
— Within one year	**777**	247
— Later than one year but not later than two years	**506**	—
— Later than two year but not later than five years	**179**	—
	1,462	247
Less: future finance charge	**(56)**	(3)
	1,406	244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

28. LEASE LIABILITIES — *continued*

	2021 **S$'000**	2020 S$'000
Analysed as:		
Current	**741**	244
Non-current	**665**	—
	1,406	244

The incremental borrowing rates applied to lease liabilities range from 1.5% to 5.6% (2020: 2.0%).

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

29. BANK BORROWINGS

	2021 **S$'000**	2020 S$'000
Bank borrowings — secured and guaranteed	**1,986**	2,114
Carrying amounts of the above borrowings that are variable-rate and repayable:		
— Within one year	**134**	107
— Later than one year but not later than two years	**130**	102
— Later than two years but not later than five years	**364**	345
— Later than five years	**1,358**	1,560
	1,986	2,114
Less: amount due for settlement within 12 months (shown under current liabilities)	**(134)**	(107)
Amount due for settlement after 12 months	**1,852**	2,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

29. BANK BORROWINGS — *continued*

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

The 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 are also equal to contracted interest rates) of the Group's bank borrowings are as follows:

	2021	2020
Effective interest rate:		
Variable-rate borrowings	**1.38%–2.78%**	2.48%–2.78%

30. AMOUNT DUE TO NON-CONTROLLING INTERESTS

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

31. SHARE CAPITAL

	Number of shares	**Par value**	**Share capital**
		HK$	HK$'000
Authorised:			
As at 1 July 2019, 30 June 2020 and 30 June 2021	**10,000,000,000**	**0.01**	**100,000**

	Number of shares	**Share capital**
		S$'000
Issued and fully paid:		
As at 1 July 2019, 30 June 2020 and 30 June 2021	**800,000,000**	**1,389**

32. RESERVES

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.

Merger reserve

As part of the reorganisation for the purpose of listing of the Company's shares on the Main Board of the Stock Exchange, there are series of restructuring steps within the Group mainly involved interspersing Activa Media Holdings Limited ("Activa (BVI)"), a wholly-owned subsidiary the Company, between Ms. Teo Li Lian and Mr. Teo Kuo Liang, the controlling shareholders, and the operating subsidiaries. The difference between the share capital of Activa (BVI) and the combined share capital of Activa Media Pte. Ltd. ("Activa Media (S)"), Activa Media Consultancy Pte. Ltd. ("Activa Media Consultancy") and SG Activa Media (M) Sdn. Bhd. ("Activa Media (M)") was credited to merger reserve.

Translation reserve

Translation reserve of the Group represents the exchange difference on translation of financial statements of the entities with functional currencies other than S$.

Statutory reserve

In accordance with the relevant laws and regulation provided in the PRC, the Group's subsidiary in the PRC are required to appropriate from its net profit, as determined in accordance with the generally accepted accounting principles of PRC. This reserve is not distributable to its shareholders.

The Group's PRC subsidiary is required to appropriate 10% of its profit for the year to the statutory reserve until the statutory reserve balance of that subsidiary equals 50% of the registered capital. The appropriation to statutory reserve must be made before the distribution of dividends to its shareholders.

33. ACQUISITION OF A BUSINESS

As disclosed in Note 21, the Group held 20% equity interest in Majestic State. The directors of the Company determined that the Group had significant influence over Majestic State and Majestic State was accounted for as an associate using equity method of accounting. On 30 November 2020, the Group completed acquisition of additional 60% equity interest in Majestic State at an initial consideration of RMB60,000,000 (equivalent to S$12,186,000), which shall be adjusted upward to a maximum of RMB66,000,000 (equivalent to S$13,405,000) if the actual audited consolidated net profit after tax of Show Times Technology for the financial year ended 31 December 2020 is not less than RMB11,000,000 ("2020 Guarantee Profit"). The profit guarantee was provided by the vendor and personally guaranteed by Mr. Mu Lei, majority beneficial owner of the vendor and executive director of the Company, and this constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules.

As a result of the step acquisition, the Group's equity interest in Majestic State increases from 20% to 80%. The Group obtained effective control over Majestic State and its subsidiaries ("Majestic State Group"). Majestic State Group became subsidiaries of the Group and the results of Majestic State Group are consolidated into the Group's consolidated financial statements commencing from 30 November 2020. The directors are of the view that the acquisition provide an opportunity for the Group to enter into the online e-commerce industry, diversify the business operations and client base of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

33. ACQUISITION OF A BUSINESS — *continued*

The Group accordingly remeasured the fair value of its pre-existing interest in Majestic State at the acquisition date and recognised a gain on step acquisition of S$1,453,000 to the consolidated profit or loss.

Details of the carrying value and fair value of the Group's pre-existing interest in Majestic State at the acquisition date are summarised as follows:

	S$'000
Fair value of pre-existing interest at acquisition date	4,500
Less: carrying value of pre-existing interest at acquisition date (Note 21)	(3,047)
Gain on step acquisition	1,453

Consideration transferred

	S$'000
Cash	12,186
Contingent consideration payable (Note)	1,199
	13,385

Note: Based on the sales and purchase agreement, RMB6,000,000 (equivalent to S$1,219,000) of the total consideration would be adjusted depending on the extent of the fulfillment of 2020 Guarantee Profit. This amount represents the estimated fair value of this contingent consideration. Since Show Times Technology has achieved the 2020 Guarantee Profit, RMB6,000,000 (equivalent to S$1,219,000) was paid in full and a fair value loss of contingent consideration of S$20,000 was recognised during the year ended 30 June 2021.

Acquisition-related costs amounting to S$306,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "general and administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition

	S$'000
Plant and equipment	90
Right-of-use assets	520
Intangible assets	599
Trade and other receivables	10,337
Bank balances and cash	888
Trade and other payable	(2,773)
Contract liabilities	(2,303)
Lease liabilities	(514)
Income tax payable	(1,380)
	5,464

Non-controlling interests

The non-controlling interests (20%) in Majestic State recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Majestic State Group and amounted to S$1,093,000.

33. ACQUISITION OF A BUSINESS — *continued*

Goodwill arising on acquisition

	S$'000
Consideration transferred	13,385
Add: non-controlling interests	1,093
fair value of pre-existing interest at acquisition date	4,500
	18,978
Less: recognised amounts of net assets acquired	(5,464)
Goodwill arising on acquisition (Note 18)	13,514

Goodwill arose in the acquisition of Majestic State because the cost of the combination included a control premium. In addition, the consideration for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Majestic State. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash outflow on acquisition of Majestic State

	S$'000
Cash consideration paid	12,186
Contingent consideration paid	1,219
Less: bank balances and cash acquired	(888)
	12,517

Impact of acquisition on the results of the Group

Included in the revenue for the year and profit for the year attributable to the additional business generated by Majestic State Group are S$31,087,000 and S$8,345,000 respectively.

Had the acquisition of Majestic State been completed on 1 July 2020, revenue for the year of the Group would have been S$67,197,000, and profit for the year would have been S$12,075,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2020, nor is it intended to be a projection of future results.

34. CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

On 4 May 2021, the Company completed the disposal of 18% equity interest in Activa Media (BVI) at a cash consideration of S$2,300,000. As a result of the above disposal, the Group's shareholding in Activa Media (BVI) decreased from 100% to 82%. The proceeds on disposal of S$2,300,000 were received in cash. An amount of S$2,111,000 (being the proportionate share of the carrying amount of the net assets of Activa Media (BVI) and its subsidiaries) has been transferred to non-controlling interests. The difference of S$189,000 between the increase in the non-controlling interests and the consideration received has been credited to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

35. COMMITMENTS

Operating lease commitments

The Group as lessor

Operating leases, in which the Group is the lessor, relates to investment property owned by the Group with a lease term of 2 years and 3 months. The lessee does not have an option to purchase the property at the expiry of the lease period.

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

	2021
	S$'000
Within one year	**121**
In the second year	**91**
	212

As at 30 June 2020, the Group has no outstanding commitments under non-cancellable operating leases as lessor.

Capital commitment

	2021	2020
	S$'000	S$'000
Contracted, but not provided for:		
Commitments for development of a technological infrastructure	**4,799**	–

Other commitment

During the year ended 30 June 2021, the Group has entered into license agreement for right-of-use of a software for online e-commence platform operation. At the end of the reporting period, the Group had contracted with licensor for the following future minimum license fee:

	2021
	S$'000
Within one year	**16,656**
In the second year	**20,820**
	37,476

Pursuant to the license agreement, the Group also committed to the licensor for security deposit of S$8,328,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

36. 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 employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the PRC government is made the specified contributions under the schemes. The contributions are charged to profit or loss as incurred.

The total costs charged to profit and loss, amounted to S$489,000 (2020: S$443,000) for the year ended 30 June 2021, represent contributions paid to the retirement benefits scheme by the Group.

37. 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 transactions/ balances**	**2021** **S$'000**	2020 S$'000
Teo Li Lian and Teo Kuo Liang	Chairlady, executive directors and controlling shareholders	Repayment of lease liabilities	**239**	239
		Interest on lease liabilities	**7**	7
		Lease liabilities	**486**	244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

37. RELATED PARTY TRANSACTIONS – *continued*

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 11. The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

Balance with related party

As disclosed in Note 30, a non-controlling shareholder of a subsidiary granted a loan of HK$3,300,000 (equivalent to S$571,000) to a subsidiary of the Company. Mr. Mu Lei, an executive director of the Company, is the majority beneficial owner of this non-controlling shareholder of a subsidiary. This loan constitutes related party transaction and connected transaction as defined in Chapter 14A of the Listing Rules. However, this transaction is fully exempt from the connected transaction requirements in Chapter 14A of the Listing Rules under Rule 14A.90.

Profit guarantee

As disclosed in Note 33, a profit guarantee was provided by the vendor and personally guaranteed by Mr. Mu Lei, majority beneficial owner of the vendor and executive director of the Company. This constitutes related party transaction and continuing connected transaction as defined in Chapter 14A of the Listing Rules. The guarantee profit was subsequently achieved during the year ended 30 June 2021.

Structured contractual arrangements

As disclosed in Note 41, Show Times Technology is controlled by the Group through Show Times (Chongqing) Network Service Limited ("Show Times Network") by way of certain structured contracts entered into between Show Times Technology, Show Times Network, Mr. Mu Lei and Mr. Shi Lizhi, registered owners of Show Times Technology. Since Mr. Mu Lei is a key management personnel of the Group, being executive director of the Company, and majority registered owner of Show Times Technology, the structured contractual arrangements constitute related party transactions and continuing connected transactions as defined in Chapter 14A of the Listing Rules.

38. 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 lease liabilities, bank borrowings and amount due to non-controlling interests as set out in Notes 28, 29 and 30 respectively, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 S$'000	2020 S$'000
Financial assets		
Amortised cost	**35,154**	25,412
Financial liabilities		
Amortised cost	**19,132**	5,012

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances, trade and other payables, lease liabilities, bank borrowings and amount due to non-controlling interests. 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 29 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. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

39. FINANCIAL INSTRUMENTS — *continued*

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

Interest rate risk — continued

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 2021 would decrease/increase by S$8,000 (2020: S$10,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

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 arising from Hong Kong dollar based on the information provided to key management is as follows:

	S$'000
As at 30 June 2021	
Total financial assets	66
Total financial liabilities	(1,849)
Currency exposure of net financial liabilities	(1,783)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

39. FINANCIAL INSTRUMENTS — *continued*

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

Currency risk — continued

	S$'000
As at 30 June 2020	
Total financial assets	14,227
Total financial liabilities	(1,906)
Currency exposure of net financial assets	12,321

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 decrease/increase in the Group's post-tax profit for the year of approximately S$89,000 (2020: increase/decrease by approximately S$616,000) for the year ended 30 June 2021. 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.

Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, Hong Kong, Malaysia and the PRC, which accounted for 26% (2020: 38%), 1% (2020: 56%), 3% (2020: 6%), and 70% (2020: Nil) of the total financial assets as at 30 June 2021.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

39. FINANCIAL INSTRUMENTS — *continued*

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

Credit risk — continued

Other than concentration of credit risk on bank deposits placed in seven (2020: three) 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.

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 (including unbilled revenue) 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 (including unbilled revenue), 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 ECL, trade receivables (including unbilled revenue) has been grouped based on shared credit risk characteristics. Accordingly, credit risk from customers from search engine marketing services, creative and technology services and social media marketing services segment and customers from online e-commerce platform operation segment are assessed separately. The loss allowance provision as at 30 June 2021 and 2020 is disclosed in Note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

39. FINANCIAL INSTRUMENTS — *continued*

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

Credit risk — continued

The following table provides information about the Group's exposure to credit risk and allowance for ECL on trade receivables (including unbilled revenue) from search engine marketing services, creative and technology services and social media marketing services segment at 30 June 2021 and 2020:

	Internal credit rating	Weighted average loss rate	Gross carrying amount	Lifetime ECL Not-credit impaired	Lifetime ECL Credit impaired
		%	S$'000	S$'000	S$'000
As at 30 June 2021	**Low risk**	**4.0**	**2,196**	**87**	**—**
	Watch list	**4.6**	**284**	**13**	**—**
	Loss (credit impaired)	**100**	**1,575**	**—**	**1,575**
			4,055	**100**	**1,575**
As at 30 June 2020	Low risk	1.2	3,796	47	—
	Watch list	2.5	2,094	53	—
	Loss (credit impaired)	100	752	—	752
			6,642	100	752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

39. FINANCIAL INSTRUMENTS — *continued*

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

Credit risk — continued

The following table provides information about the Group's exposure to credit risk and allowance for ECL on trade receivables from online e-commerce platform operation segment at 30 June 2021:

	Internal credit rating	Weighted average loss rate	Gross carrying amount	Lifetime ECL Not-credit impaired	Lifetime ECL Credit impaired
		%	S$'000	S$'000	S$'000
As at 30 June 2021	**Low risk**	**0.7**	**13,894**	**96**	**—**

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. The Group assessed the ECL for deposits and other receivables are insignificant and thus no loss allowance provision for the amounts is recognised as at 30 June 2021 and 2020.

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 2021 and 2020.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

39. FINANCIAL INSTRUMENTS — *continued*

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

Liquidity risk — continued

	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 2021						
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	—	15,169	—	—	15,169	15,169
Interest bearing						
Bank borrowings	5.6	162	1,001	1,519	2,682	1,986
Lease liabilities	4.0	777	685	—	1,462	1,406
Amount due to non-controlling interests	6.0	—	640	—	640	571
		16,108	2,326	1,519	19,953	19,132
As at 30 June 2020						
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	—	2,654	—	—	2,654	2,654
Interest bearing						
Bank borrowings	5.7	200	861	2,023	3,084	2,114
Lease liabilities	2.0	247	—	—	247	244
		3,101	861	2,023	5,985	5,012

(c) Fair value

The fair value of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

40. 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$'000	**Lease liabilities** S$'000	**Amount due to non-controlling interests** S$'000	**Total** S$'000
As at 1 July 2019	2,234	511	–	2,745
Financing cash flows	(178)	(256)	–	(434)
Non-cash changes:				
Reversal due to termination of lease	–	(11)	–	(11)
Finance cost recognised (Note 8)	58	–	–	58
As at 30 June 2020 and 1 July 2020	**2,114**	**244**	**–**	**2,358**
Financing cash flows	**(168)**	**(567)**	**571**	**(164)**
Non-cash changes:				
Acquired on acquisition of subsidiaries (Note 33)	**–**	**514**	**–**	**514**
New lease entered	**–**	**481**	**–**	**481**
Modification of leases	**–**	**718**	**–**	**718**
Finance cost recognised (Note 8)	**40**	**–**	**–**	**40**
Exchange adjustments	**–**	**16**	**–**	**16**
As at 30 June 2021	**1,986**	**1,406**	**571**	**3,963**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

41. PARTICULARS OF SUBSIDIARIES

General information of subsidiaries

As at the date of this consolidated financial statements, details of the Company's subsidiaries are as follows:

Name of subsidiary	Place, the date of incorporation/ operation	Issued and fully paid capital/ registered capital	Attributable equity interest held by the Company as at		Proportion of voting power held by the Company as at		Principal activities
			2021	2020	**2021**	2020	
			%	%	**%**	%	
Directly held:							
Activa Media (BVI) (Note a)	British Virgin Islands 8 November 2017	US$4.00	**82**	100	**82**	100	Investment holding
Majestic State (Note b)	British Virgin Islands 9 January 2020	US$1.00	**80**	–	**80**	–	Investment holding
Indirectly held:							
Activa Media (S) (Note a)	Singapore 22 June 2005	S$200,000	**82**	100	**82**	100	Provision of online marketing services
Activa Media Consultancy (Note a)	Singapore 1 April 2014	S$20,000	**82**	100	**82**	100	Provision of creative and technology services
Activa Media (M) (Note a)	Malaysia 21 October 2009	MYR100	**82**	100	**82**	100	Provision of online marketing services
Show Times (Hong Kong) Limited (Note b)	Hong Kong 22 May 2020	HK$10,000	**80**	–	**80**	–	Investment holding
Show Times Network (Note b, c)	PRC 28 June 2020	RMB1,000,000	**80**	–	**80**	–	Consultancy services
Show Times Technology (Note d)	PRC 29 August 2019	RMB10,000,000	**–**	–	**80**	–	Online e-commerce platform operation

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) During the year ended 30 June 2021, the Group disposed 18% equity interest in these subsidiaries. Further details are disclosed in Note 34.

(b) During the year ended 30 June 2021, the Group acquired 80% equity interest in these subsidiaries. Further details are disclosed in Notes 21 and 33.

(c) Show Times Network is a wholly foreign owned enterprise established in the PRC.

(d) Show Times Technology is a limited liability company established under the laws of the PRC. Its registered owners are Mr. Mu Lei and Mr. Shi Lizhi, directors of the Company. Show Times Technology is controlled by the Group through Show Times Network by way of certain structured contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

41. PARTICULARS OF SUBSIDIARIES — *continued*

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests and voting power held by non-controlling interests	Total comprehensive income allocated to non-controlling interests	Accumulated non-controlling interests
		2021	2021	2021
		%	S$'000	S$'000
Activa Media (BVI)	British Virgin Islands/Singapore	18	19	2,130
Majestic State	British Virgin Islands/PRC	20	1,716	2,809
			1,735	4,939

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Activa Media (BVI) and subsidiaries

	2021 S$'000
Non-current assets	11,267
Current assets	19,864
Total assets	31,131
Current liabilities	17,143
Non-current liabilities	2,155
Total liabilities	19,298
Net assets	11,833
Equity attributable to owners of the Company	9,703
Non-controlling interests	2,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

41. PARTICULARS OF SUBSIDIARIES — *continued*

Details of non-wholly owned subsidiaries that have material non-controlling interests — *continued*

Activa Media (BVI) and subsidiaries — continued

	From 5 May 2021 to 30 June 2021 S$'000
Revenue	4,246
Profit and total comprehensive income for the period	104
Profit and total comprehensive income for the period attributable to:	
Owners of the Company	85
Non-controlling interests	19
	104
Net cash inflow from operating activities	734
Net cash outflow from investing activities	(18)
Net cash outflow from financing activities	(74)
Net cash inflow	642

Majestic State and subsidiaries

	2021 S$'000
Non-current assets	4,391
Current assets	26,322
Total assets	30,713
Current liabilities	15,722
Non-current liabilities	943
Total liabilities	16,665
Net assets	14,048
Equity attributable to owners of the Company	11,239
Non-controlling interests	2,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

41. PARTICULARS OF SUBSIDIARIES — *continued*

Details of non-wholly owned subsidiaries that have material non-controlling interests — *continued*

Majestic State and subsidiaries — continued

	From 1 December 2021 to 30 June 2021 S$'000
Revenue	31,087
Profit for the period	8,345
Profit for the period attributable to:	
Owners of the Company	6,676
Non-controlling interests	1,669
	8,345
Other comprehensive income for the period attributable to:	
Owners of the Company	188
Non-controlling interests	47
	235
Total other comprehensive income for the period attributable to:	
Owners of the Company	6,864
Non-controlling interests	1,716
	8,580
Net cash inflow from operating activities	5,476
Net cash outflow from investing activities	(2,868)
Net cash inflow from financing activities	2,501
Net cash inflow	5,109

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

42. 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:

	2021 S$'000	2020 S$'000
Non-current asset		
Investments in subsidiaries	**15,750**	–
Current assets		
Prepayments	**20**	40
Amounts due from subsidiaries	**9,468**	7,199
Bank balances and cash	**81**	14,239
	9,569	21,478
Current liabilities		
Other payables	**196**	128
Amounts due to subsidiaries	**8,624**	6,594
	8,820	6,722
Net current assets	**749**	14,756
Net assets	**16,499**	14,756
Capital and reserves		
Share capital	**1,389**	1,389
Share premium	**19,366**	19,366
Accumulated losses	**(4,256)**	(5,999)
Equity attributable to owners of the Company	**16,499**	14,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

42. 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
As at 1 July 2019	(4,958)	(4,958)
Loss and total comprehensive expense for the year	(1,041)	(1,041)
As at 30 June 2020 and 1 July 2020	**(5,999)**	**(5,999)**
Profit and total comprehensive income for the year	**1,743**	**1,743**
As at 30 June 2021	**(4,256)**	**(4,256)**

43. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

PARTICULARS OF INVESTMENT PROPERTY

FOR THE YEAR ENDED 30 JUNE 2021

Particulars of investment property held by the Group as at 30 June 2021 are as follows:

Location	Lease	Use	The Group's effective interest
60 Paya Lebar Road #11–52 Paya Lebar Square, Singapore 409051	Medium-term lease	Office	82%

FIVE-YEAR FINANCIAL SUMMARY

FOR THE YEAR ENDED 30 JUNE 2021

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

RESULTS

	Years ended 30 June				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**54,437**	24,742	28,885	26,554	20,732
Profit before taxation	**11,044**	3,278	3,892	5,127	3,769
Income tax expense	**(1,624)**	(797)	(1,197)	(1,142)	(527)
Profit for the year	**9,420**	2,481	2,695	3,985	3,242
Total comprehensive income for the year	**10,032**	2,481	2,686	3,992	3,257

ASSETS AND LIABILITIES

	As at 30 June				
	2021	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Total assets	**66,887**	36,303	37,598	13,576	11,693
Total liabilities	**26,377**	9,218	12,994	12,413	10,909
Net assets	**40,510**	27,085	24,604	1,163	784
Total equity	**40,510**	27,085	24,604	1,163	784