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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The board of directors of AM Group Holdings Limited (the "Company", the "Directors" and the "Board", respectively) announces the unaudited interim financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2023 (the "Reporting Period") together with the relevant comparative figures.

FINANCIAL HIGHLIGHTS

Revenue of the Group for the Reporting Period was S$15.1 million, representing a decrease of 36.3% over the corresponding period last year.

Gross profit for the Reporting Period stood at S$3.7 million, representing a decrease of 44.4% over the corresponding period last year.

Loss for the Reporting Period stood at S$0.2 million, representing a decrease of 107.6% over the corresponding period last year. The decrease was mainly due to the following reasons:

1. Decrease of revenue in online platform management service from approximately S$11.5 million to approximately S$3.1 million; and a decrease of revenue in creative and technology services from approximately S$2.4 million to S$1.2 million;

2. Decrease of gross profit margin from approximately 28% to approximately 25%.

The Board has resolved not to declare any interim dividend in respect of the six months ended 31 December 2023 (six months ended 31 December 2022: nil).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Notes	Six months ended 31 December 2023 S$'000 (Unaudited)	2022 S$'000 (Unaudited)
Revenue	4	**15,128**	23,740
Cost of services		**(11,387)**	(17,009)
Gross profit		**3,741**	6,731
Other income	5	**273**	206
Other gains	6	**—**	15
Selling expenses		**(561)**	(374)
General and administrative expenses		**(3,477)**	(4,213)
Impairment losses under expected credit loss model ("ECL"), net of reversal		**268**	217
Finance costs	7	**(70)**	(130)
Profit before taxation		**174**	2,452
Income tax expense	8	**(330)**	(388)
(Loss)/Profit for the period	9	**(156)**	2,064
Other comprehensive income/(expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**(115)**	(1,331)
Total comprehensive (expenses)/income for the period		**(271)**	733
(Loss)/Profit for the period attributable to:			
Owners of the Company		**(399)**	1,608
Non-controlling interests		**243**	456
		(156)	2,064
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company		**(495)**	507
Non-controlling interests		**224**	226
		(271)	733
(Loss)/Earnings per share (in Singapore cent)			
Basic and diluted	11	**(0.05)**	0.20

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	31 December 2023 S$'000 (Unaudited)	30 June 2023 S$'000 (Audited)
Non-current assets			
Plant and equipment	12	**161**	196
Right-of-use assets		**1,165**	837
Investment property		**2,775**	2,806
Goodwill		**10,781**	10,781
Intangible assets	13	**3,222**	3,272
		18,104	17,892
Current assets			
Trade and other receivables	14	**31,500**	29,616
Bank balances and cash	15	**13,883**	14,739
		45,383	44,355
Current liabilities			
Trade and other payables	16	**15,792**	14,751
Contract liabilities	17	**4,207**	3,903
Lease liabilities	18	**1,110**	654
Bank and other borrowings	19	**540**	674
Amount due to non-controlling interests		**633**	637
Income tax payable		**1,357**	1,439
		23,639	22,058
Net current assets		**21,744**	22,297
Total assets less current liabilities		**39,848**	40,189

	Notes	31 December 2023 S$'000 (Unaudited)	30 June 2023 S$'000 (Audited)
Non-current liabilities			
Lease liabilities	18	**57**	120
Bank and other borrowings	19	**1,647**	1,654
Deferred tax liabilities		**—**	3
		1,704	1,777
Net assets		**38,144**	38,412
Capital and reserves			
Share capital	20	**1,389**	1,389
Share premium	21	**19,366**	19,366
Reserves		**11,215**	11,707
Equity attributable to owners of the Company		**31,970**	32,462
Non-controlling interests		**6,174**	5,950
Total equity		**38,144**	38,412

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	Share Capital	Share Premium	Merger reserve	Translation reserve	Statutory reserve	Retained earnings	Sub-total	Non-Controlling Interests	Total equity
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
As at 1 July 2022 (Audited)	1,389	19,366	220	601	366	14,676	36,618	5,728	42,346
Profit for the period	—	—	—	—	—	1,608	1,608	456	2,064
Other comprehensive income for the period:									
Exchange differences on translation of a foreign operation	—	—	—	(1,101)	—	—	(1,101)	(230)	(1,331)
Total comprehensive (expenses)/income	—	—	—	(1,101)	—	1,608	507	226	733
As at 31 December 2022 (Unaudited)	1,389	19,366	220	(500)	366	16,284	37,125	5,954	43,079
As at 1 July 2023 (Audited)	**1,389**	**19,366**	**220**	**(1,921)**	**366**	**13,042**	**32,462**	**5,950**	**38,412**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**(399)**	**(399)**	**243**	**(156)**
Other comprehensive income for the period:									
Exchange differences on translation of a foreign operation	**—**	**—**	**—**	**(93)**	**—**	**—**	**(93)**	**(19)**	**(112)**
Total comprehensive (expenses)/income	**—**	**—**	**—**	**(93)**	**—**	**(399)**	**(492)**	**224**	**(268)**
As at 31 December 2023 (Unaudited)	**1,389**	**19,366**	**220**	**(2,014)**	**366**	**12,643**	**31,970**	**6,174**	**38,144**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 31 December 2023

	31 December 2023	30 June 2023
	S$'000	*S$'000*
	(Unaudited)	(Audited)
OPERATING ACTIVITIES		
Profit before taxation	**174**	233
Adjustments for:		
Amortisation of intangible assets	**28**	60
Depreciation of plant and equipment	**51**	105
Depreciation of investment property	**32**	63
Depreciation of right-of-use assets	**133**	865
Finance costs	**70**	221
Interest income	**(174)**	(227)
Impairment loss, net of reversal on trade receivables	**268**	3,214
Operating cash flows before movements in working capital	**582**	4,534
Movements in working capital:		
Increase in trade and other receivables	**(1,884)**	(4,345)
Increase/(decrease) in trade and other payables	**1,041**	(2,684)
Increase/(decrease) in contract liabilities	**304**	(1,013)
Cash generated from/(used in) operations	**43**	(3,508)
Interest paid on lease liabilities	**(18)**	—
Income tax paid	**(82)**	(485)
NET CASH USED IN OPERATING ACTIVITIES	**(57)**	(3,993)
INVESTING ACTIVITIES		
Interest received from time deposits	**174**	227
Net cash (outflow)/inflow on cancellation platform development	**(18)**	7,692
Purchase of plant and equipment	**—**	(80)
NET CASH GENERATED FROM INVESTING ACTIVITIES	**156**	7,839

	31 December 2023	30 June 2023
	S$'000	*S$'000*
	(Unaudited)	(Audited)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(396)**	(646)
Interest paid	**(52)**	(126)
Repayment of leasing liabilities	**(68)**	(957)
Interest paid on lease liabilities	**—**	(67)
Proceeds from other borrowing	**—**	761
Advance from non-controlling interest	**(4)**	—
NET CASH USED IN FINANCING ACTIVITIES	**(520)**	(1,035)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(421)**	2,811
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**14,739**	12,307
Effect of foreign exchange rate changes	**(435)**	(379)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**13,883**	14,739
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged cash and bank balances	**3,797**	4,739
Time deposits	**10,086**	10,000
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**13,883**	14,739

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

1. GENERAL INFORMATION

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

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

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

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

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

2. BASIS OF PREPARATION

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

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Company's consolidated financial statements for the year ended 30 June 2023. The accounting policies and method of computation adopted for the condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2023 and the particulars of the Group's adoption of new and amended standards are set out below.

3. APPLICATION OF NEW AND REVISED IFRSs

During the Reporting Period, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 July 2023. The application of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation, of the Group's financial statements and amounts reported for the current period and prior periods. The Group has not early applied the new and revised IFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standards, amendments and interpretations will have no material impact on the unaudited condensed consolidated financial statements of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue

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

	Six months ended 31 December	
	2023	2022
	$'000	*$'000*
	(Unaudited)	(Unaudited)
Search engine marketing services	**10,000**	9,219
Creative and technology services	**1,194**	2,354
Social media marketing services	**790**	630
Online platform management services	**3,144**	11,537
	15,128	23,740

	Six months ended 31 December	
	2023	2022
	$'000	*$'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
Over time:		
— Search engine marketing services	**10,000**	9,219
— Social media marketing services	**790**	630
— Online platform management services	**476**	1,805
	11,266	11,654
At point in time:		
— Creative and technology services	**1,194**	2,354
— Online platform management services	**2,668**	9,732
	3,862	12,086
	15,128	23,740

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 the search engine marketing services and social media marketing services are 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 (2022: 7 days) to its customers.

The Group provides creative and technology services to customers. Such services are recognised at a point in time when the websites or services are available for the customers because the Group has determined that control of the performance obligation has been transferred to the customers (i.e. service performed) as the Group has the right to payment for its service and customers have accepted its services. Revenue recognised from creative and technology services are based on a fixed fee. The Group generally bills its customers when services are performed and provides credit terms of 7 days (2022: 7 days) to its customers.

The Group provides online platform management services which include commission income and technical service income. Commission income is recognised at a point in time when merchant transactions are completed on online e-commerce platform. The commission are generally determined as a percentage based on the value of merchandise being sold by the merchants. All merchant transactions are cleared through online payment processing service providers with credit terms of 7 days. Technical service income is recognised at a point in time when the online platform user accounts are available for the customers. The Group generally provides credit terms of 180 days (2022: 180 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.

Segment information

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

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

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

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

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

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

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

Segment revenue and results:

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

For the six months ended 31 December 2023

	Search engine marketing services *S$'000* **(Unaudited)**	**Creative and technology service** *S$'000* **(Unaudited)**	**Social media marketing services** *S$'000* **(Unaudited)**	**Online e-commerce platform operation** *S$'000* **(Unaudited)**	**Total** *S$'000* **(Unaudited)**
REVENUE					
External sales and segment revenue	**10,000**	**1,194**	**790**	**3,144**	**15,128**
RESULT					
Segment profit	**1,783**	**690**	**312**	**956**	**3,741**
Other income					**273**
Other gains					**—**
Selling expenses					**(561)**
General and administrative expenses					**(3,477)**
Impairment losses under ECL model, net of reversal					**268**
Finance costs					**(70)**
Profit before tax					**174**

For the six months ended 31 December 2022

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

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

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

Segment assets and liabilities

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

Geographical information

Revenue by geographical location

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

	Six months ended 31 December	
	2023	2022
	$'000	*$'000*
	(Unaudited)	(Unaudited)
Singapore (country of domicile)	**11,182**	11,515
Malaysia	**803**	688
PRC	**3,143**	11,537
	15,128	23,740

Non-current assets by geographical location

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

	31 December	30 June
	2023	2023
	$'000	*$'000*
	(Unaudited)	(Audited)
Singapore (country of domicile)	**3,165**	2,860
Malaysia	**182**	114
PRC	**14,757**	14,918
	18,104	17,892

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the six months ended 31 December 2023 and 2022.

5. OTHER INCOME

	Six months ended 31 December	
	2023	2022
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Government grants	**4**	18
Rental income	**70**	60
Interest income from time deposit	**174**	59
Others *(Note)*	**25**	69
	273	206

Note: Other income consisted of S$25,000 relating to logistic income from providing the online platform management services in PRC (2022: S$69,000).

6. OTHER GAINS

	Six months ended 31 December	
	2023	2022
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Net exchange gain	**—**	15

7. FINANCE COSTS

	Six months ended 31 December	
	2023	2022
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**52**	66
Interest expense on lease liabilities	**18**	64
	70	130

8. INCOME TAX EXPENSE

	Six months ended 31 December	
	2023	2022
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax:		
— Singapore corporate income tax ("CIT")	**215**	123
— Malaysia income tax	**54**	287
— PRC enterprise income tax ("EIT")	**60**	—
Overprovision from prior years	**1**	(22)
	330	388

Singapore CIT is calculated at 17% of the estimated assessable profit for the six months ended 31 December 2023.

Malaysia income tax is calculated at 24% for the estimated assessable profit for the six months ended 31 December 2023.

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

	Six months ended 31 December	
	2023	2022
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Profit before taxation	**174**	2,452
Tax at Singapore CIT rate of 17%	**29**	417
Tax effect of income tax not taxable for tax purpose	**277**	114
Tax effect of different tax rate in foreign jurisdiction	**4**	(34)
Tax effect of expenses not deductible for tax purpose	**—**	—
Effect of tax concessions and partial tax exemption	**19**	(87)
Effect of deferred tax not recognised	**—**	—
Under/(Over) provision from prior years	**1**	(22)
	330	388

* *for identification purposes only*

9. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended 31 December	
	2023	2022
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments:		
Fees	**30**	33
Salaries, allowances and other benefits	**1,138**	996
Discretionary bonuses	**—**	360
Retirement benefit scheme contributions	**12**	13
	1,180	1,402
Other staff costs:		
Salaries, allowances and other benefits	**1,839**	2,122
Retirement benefit scheme contributions	**209**	150
	2,048	2,272
Total staff costs	**3,228**	3,674
Auditors' remuneration	**159**	93
Depreciation expenses:		
Investment property	**32**	32
Plant and equipment	**51**	46
Right-of-use assets	**133**	137
Amortisation of intangible assets	**28**	31
Impairment loss, net of reversal on trade receivables	**(268)**	(217)
Gross rental income from an investment property	**(70)**	(60)
Less: direct operating expenses incurred for investment property that generated rental income during the year	**32**	32
	(38)	(28)

10. DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months period ended 31 December 2023 (six months ended 31 December 2022: nil).

11. (LOSS)/EARNING PER SHARE

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

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company *(S$'000)*	**(399)**	1,608
Weighted average number of ordinary shares in issue *('000)*	**800,000**	800,000
Basic and diluted earnings per share (Singapore cent)	**(0.05)**	0.2

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

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

12. MOVEMENT IN PLANT AND EQUIPMENT

During the six months ended 31 December 2023, the Group acquired plant and equipment at a total cost of approximately S$18,000 (six months ended 31 December 2022: S$37,000). There were no disposal of plant and equipment during the six months ended 31 December 2023 (31 December 2022: nil).

As at 31 December 2023, plant and equipment with carrying amount of approximately S$161,000 (30 June 2022: S$196,000).

13. INTANGIBLE ASSETS

	Development costs	**Trademark**	**Software**	**Total**
	S$'000	***S$'000***	***S$'000***	***S$'000***
Cost:				
As at 1 July 2023 (Audited)	2,826	45	526	3,397
Write off	—	—	—	—
Exchange adjustments	—	—	—	—
As at 31 December 2023 (Unaudited)	**2,826**	**45**	**526**	**3,397**
Accumulated amortisation:				
As at 1 July 2023 (Audited)	—	11	136	147
Amortisation	—	2	26	28
As at 31 December 2023 (Unaudited)	**—**	**13**	**162**	**175**
Carrying values:				
As at 31 December 2023 (Unaudited)	**2,826**	**32**	**364**	**3,222**

14. TRADE AND OTHER RECEIVABLES

	31 December 2023 S$'000 (Unaudited)	30 June 2023 S$'000 (Audited)
Current assets:		
Trade receivables	**19,635**	20,131
Unbilled revenue	**1,172**	1,055
	20,807	21,186
Less: Allowance for ECL	**(3,852)**	(4,142)
	16,955	17,044
Deposits	**11,228**	11,299
Prepayments	**880**	943
Staff loans	**165**	179
Other receivables	**2,272**	151
Total	**31,500**	29,616

The Group generally requires advance payments of certain percentage of contract sums from customers for search engine marketing services, creative and technology services and social media marketing services segments. The average credit period granted is 7 days (2022: 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 contracts sums from customers from online platform marketing services segments. The average credit period granted is 30 days.

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

	31 December 2023	30 June 2023
	$'000	*$'000*
	(Unaudited)	(Audited)
Unbilled revenue	**1,172**	1,023
Less than 30 days	**2,494**	2,880
31 to 60 days	**1,166**	2,371
61 to 90 days	**655**	2,731
Over 90 days	**11,468**	8,039
	16,955	17,044

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

	Lifetime ECL — not credit-impaired individually assessed	**Lifetime ECL — credit impaired**	**Total**
	S$'000	*S$'000*	*S$'000*
As at 1 July 2022	511	1,205	1,716
Amounts charged to profit or loss	730	2,484	3,214
Written off	—	(610)	(610)
Exchange adjustments	(69)	(109)	(178)
As at 30 June 2023 and 1 July 2023	1,172	2,970	4,142
Amounts charged to profit or loss	—	(290)	(290)
As at 31 December 2023	1,172	2,680	3,852

15. BANK BALANCE AND CASH

	31 December 2023 S$'000 (Unaudited)	30 June 2023 S$'000 (Audited)
Time deposit	**10,086**	10,000
Cash at bank and on hand	**3,797**	4,739
	13,883	14,739

16. TRADE AND OTHER PAYABLES

	31 December 2023 S$'000 (Unaudited)	30 June 2023 S$'000 (Audited)
Trade Payables	**13,129**	12,050
Accrued expenses	**660**	862
Deposit received	**188**	164
Goods and services tax payables	**156**	1,441
Other payables	**1,659**	234
	15,792	14,751

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

	31 December 2023 S$'000 (Unaudited)	30 June 2023 S$'000 (Audited)
1 to 30 days	**2,444**	3,798
31 to 60 days	**2,525**	1,577
61 to 90 days	**498**	1,842
Over 90 days	**7,662**	4,833
	13,129	12,050

17. CONTRACT LIABILITIES

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

The movements in contract liabilities are as follows:

	31 December 2023	30 June 2023
	S$'000	S$'000
	(Unaudited)	(Audited)
At the beginning of period/year	**3,903**	4,779
Receipt from customers upon entering sales contracts during the period/year	**11,958**	10,391
Revenue recognised that was included in the contract liabilities balance at the beginning of the period/year	**(3,903)**	(4,779)
Revenue recognised during the year that was related to receipt from customers in the same period/year	**(7,751)**	(6,480)
Exchange adjustments	**—**	(8)
At the end of period/year	**4,207**	3,903

18. LEASE LIABILITIES

	31 December 2023	30 June 2023
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Maturity analysis:		
— Within one year	**1,129**	673
— Later than one year but not later than two years	**60**	127
— Later than two years but not later than five years	**—**	—
	1,189	800
Less: Unearned interest	**(22)**	(26)
	1,167	774

	31 December 2023 S$'000 (Unaudited)	30 June 2023 S$'000 (Audited)
Analysed as:		
Current	**1,110**	654
Non-current	**57**	120
	1,167	774

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

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

19. BANK AND OTHER BORROWINGS

	31 December 2023 S$'000 (Unaudited)	30 June 2023 S$'000 (Audited)
Bank borrowings — Secured and guaranteed		
Other borrowings — guaranteed	**1,653**	2,140
	534	188
	2,187	2,328
Carrying amount of the above borrowings that are variable-rate and repayable:		
— Within one year	**540**	674
— Later than one year but not later than two years	**221**	177
— Later than two years but not later than five years	**422**	405
— Later than five years	**1,004**	1,072
	2,187	2,328
Less: amount due for settlement within 12 months	**(540)**	(674)
Amount due for settlement after 12 months	**1,647**	1,654

The bank borrowings are guaranteed by the Company and secured by the investment property of the Group.

Certain bank and other borrowings are guaranteed by Mr. Mu Lei, an executive director of the Company and charged at interest rate within 5.97% to 7.89% plus loan prime rate at The National Interbank Funding Center of China's central bank (30 June 2023: 5.77% to 7.64% plus loan prime rate at The National Interbank Funding Center of China's central bank). The borrowing was guaranteed by Mr. Mu under guarantee agreements entered into between the respective creditors, debtors and Mr. Mu. Mr. Mu is an executive Director, such transactions would be constituted as connected transactions of financial assistance received by the Group under Chapter 14A of the Listing Rules. Since the borrowing was on normal commercial terms or better and was not secured by the assets of the Group, and no fee is charged by Mr. Mu for entering into the guarantee agreements, the borrowing was fully exempted from any reporting requirements under Chapter 14A of the Listing Rule.

The range of effective interest rates of the Group's bank borrowing at 1.98% to 3.98% for the six months ended 31 December 2023 (1.58% to 1.98% for year ended 30 June 2023).

20. SHARE CAPITAL

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

	Number of shares	Par value	Share capital
		HK$	*HK$'000*
At 1 July 2022, 30 June 2023 and 31 December 2023	10,000,000,000	0.01	100,000

	Number of shares	Share capital
		S$'000
Issued and fully paid:		
At 1 July 2022, 30 June 2023 and 31 December 2023	800,000,000	1,389

21. SHARE PREMIUM

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND PROSPECTS

The Group is a leading player in the online marketing industry, focusing on providing services in the following segments:

- Search engine marketing services;
- Search engine optimization;
- Social media marketing;
- Web design and development; and
- Online e-commerce platform operations.

Despite the COVID-19 restrictions being lifted, especially in the Greater China region, and the global inflation situation easing, the macro-economic environment remains challenging with the ongoing Ukraine war showing no end in sight and the breakout of the Middle East conflict.

The environment in China does not look brighter as it grapples with the continuing weakness in its property market and the subdued global external demand.

For the Reporting Period, the Group reported revenue of S$15.1 million, a decrease of 36.3%. In terms of net profit, the Group incurred a slight loss of S$0.2 million.

The tough environment in China was especially felt by our China subsidiary — Majestic State International Limited (the "MSIL") as its revenue declined by 73%. Revenue for our subsidiaries in Singapore and Malaysia declined slightly by 1.8%.

The Group will continue to work hard to capture the market in new emerging advertising platforms, as well as investing in relevant forefront technologies that will enhance our performance and increase our productivity.

The Group wishes to express its gratitude to its shareholders, staff and business partners for their trust and support.

FINANCE 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 six months end indicated:

	For the six months ended 31 December					
	2023		2022		Variance	
	$'000	*%*	*$'000*	*%*	*$'000*	*%*
Search engine marketing services	**10,000**	**66.1**	9,219	38.8	781	8.5
Creative and technology services	**1,194**	**7.9**	2,354	9.9	(1,160)	(49.3)
Social media marketing services	**790**	**5.2**	630	2.7	160	25.4
Online e-commerce platform operation	**3,144**	**20.8**	11,537	48.6	(8,393)	(72.7)
	15,128	**100.0**	23,740	100.0	(8,612)	(36.3)

Overall, the total revenue of the Group decreased by around 36.3% from approximately S$23.7 million for the six months ended 31 December 2022 to approximately S$15.1 million for the Reporting Period. Such decrease was mainly due to the Company's subsidiary in the PRC — MSIL, which is running the online e-commerce platform operation, experiencing a significant decline in revenue. Sales revenue for MSIL declined by 73% from approximately S$11.5 million for the period ended 31 December 2022, to approximately S$3.1 million for the Reporting Period. The drop in sales revenue can be attributed to the current challenging macro-economic situation in China.

Revenue from search engine marketing services increased by approximately 8.5%, from approximately S$9.2 million for the six months ended 31 December 2022 to approximately S$10 million for the Reporting Period.

Revenue from creative and technology services decreased by approximately 49.3%, from S$2.4 million for the six months ended 31 December 2022 to S$1.2 million for the Reporting Period. This drop in sales revenue can be attributed to clients generally focusing their marketing campaign on search engine marketing services.

Cost of Services

The overall cost of services decreased from approximately S$17 million in the six months ended 31 December 2022 to approximately S$11.4 million in the Reporting Period. The decrease in overall cost of services aligns with the overall decrease in revenue.

Other Income

Other income comprised mainly rental income of S$70,000 earned from its investment property, and interest income of S$174,000 earned from time deposits.

Selling Expenses

The Group's selling expenses increased by around 50% from approximately S$0.37 million for the six months ended 31 December 2022 to approximately S$0.56 million for the Reporting Period. The selling expenses mainly consisted of sales staff costs, sales commission and marketing-related expenses like advertising. The increase in selling expenses for the Reporting Period was mainly due to the increased staff costs, attributable to the tight labour market.

General and Administrative Expenses

General and administrative expenses primarily consisted of staff costs, depreciation, rental expenses, entertainment expenses, office expenses and travelling expenses. General and administrative expenses decreased from approximately S$4.2 million in the six months ended 31 December 2022 to approximately S$3.5 million in the Reporting Period.

The decrease in general and administrative expenses was mainly due to the drop in staff costs in the PRC subsidiary — MSIL by approximately S$544,000.

Finance Cost

Finance costs decreased by around 46.2% from approximately S$130,000 for the six months ended 31 December 2022 to approximately S$70,000 for the Reporting Period. This item comprised interest expenses on bank borrowing and finance cost incurred on right-of-use assets. The decrease was mainly due to a reduction in the interest from lease liabilities.

Income Tax Expense

Income tax expense primarily consisted of provision for Singapore, Malaysia and PRC current income tax expense. The Group's income tax expense decreased from approximately S$388,000 in the six months ended 31 December 2022 to approximately S$330,000 in the Reporting Period. The decrease was mainly due to the drop in the PRC subsidiary, MSIL's net profit before taxation from approximately S$1.9 million for the six months ended 31 December 2022 to approximately a profit of S$0.4 million for the Reporting Period.

Loss for the period

The Group reported a 107.6% decrease in profit to approximately S$0.2 million loss for the Reporting Period (31 December 2022: profit of S$2.1 million), mainly attributable to the drop in profit of the Company's subsidiary, MSIL (due to the challenging macro-economic situation in China), and the drop in profit of the creative and technology services (due to clients focusing their marketing campaign on search engine marketing services).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Reporting Period (six months ended 31 December 2022: Nil).

FINANCIAL POSITIONS

As at 31 December 2023, our total equity is relatively stable at approximately S$38.1 million as compared to approximately S$38.4 million as at 30 June 2023.

As at 31 December 2023, our net current assets were approximately S$21.7 million as compared to approximately S$22.3 million as at 30 June 2023. The decrease was mainly due to an increase in trade and other payables of approximately S$15.8 million as at 31 December 2023, compared to approximately S$14.8 million as at 30 June 2023.

LIQUIDITY AND CAPITAL RESOURCES

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

Borrowings

Our bank borrowings of approximately S$1.7 million as at 31 December 2023 were secured against investment property of the Group and guarantee given by the Company. Among all the bank borrowings, 7% was repayable within one year, 7% was repayable more than one year but not exceeding two years, 25% was repayable more than two years but not exceeding five years and 61% was repayable more than five years.

Charge on assets

The bank borrowings as at 31 December 2023 were secured against investment property of the Group with carrying amount of approximately S$2.8 million as at 31 December 2023.

Material Acquisition and Disposal of Subsidiaries and Associates and Joint Ventures

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

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

Save for the business plan disclosed in the Prospectus and the paragraph headed "Use of Net Proceeds from Listing" in this announcement, there was no other plan for material investments or capital assets as at 31 December 2023.

Gearing Ratio

The gearing ratio of the Group as at 31 December 2023 was approximately 5.7% (30 June 2023: 6.1%). The gearing ratio reduced due to the repayments of bank borrowings during the Reporting Period. Interest bearing liabilities decreased by approximately 6% while equity decreased by less than 1%. The gearing ratio is calculated as total interest-bearing liabilities divided by total equity as at the respective period end.

Foreign Exchange Exposure

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

Contingent Liabilities and Guarantees

As at 31 December 2023, we did not have any unrecorded significant contingent liabilities, guarantees or any litigations against us.

USE OF NET PROCEEDS FROM LISTING

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

For further details on utilisation of the Net Proceeds, please refer to the table below sets forth the breakdown of the intended use and the timeline for utilisation as at 31 December 2023:

	Intended use of Net Proceeds from the share offer (per Prospectus) *HK$ million*	Approximate percentage of Net Proceeds *%*	Revised allocation of Unutilised net Proceeds *HK$ million*	Approximate percentage of net Proceeds *%*	Amount utilised as at 30 June 2023 *HK$ million*	Amount utilised during the reporting period *HK$ million*	Remaining balance as at 31 December 2023 *HK$ million*	Expected timeline to use unutilised net Proceeds
Strengthening the technological infrastructure	58.2	63.3	58.2	63.3	—	—	58.20	Q4/2024
Acquisition of a website development and hosting company	26.2	28.5	—	—	—	—	—	
Establishment of a sales office in Johor Bahru, Malaysia	5.3	5.7	—	—	—	—	—	
Working Capital	2.3	2.5	2.3	2.5	2.30	—	—	
Acquisition of additional interest in an associated company	—	—	31.5	34.2	31.50	—	—	
	92.0	100.0	92.0	100.0	33.80	—	58.20	

The remaining balance as at 31 December 2023 of approximately HK$58.20 million are expected to be utilised by the fourth quarter of 2024. The Board is still of the view that developing and strengthening the technological infrastructure is critical to the Group's future development as paying efforts in this direction will enable the business of the Group be more scalable and will extend the Group's lead in this rapidly evolving online marketing industry. Since the Company expects to take some time to locate a suitable vendor, the Group intends to allocate the fund generally for the purpose of strengthening the technological infrastructure at this stage.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 86 (30 June 2023: 82) employees and our employee remuneration for the Reporting Period totalled approximately S$3.2 million (including salary, bonus, and other employee benefits). The amount was approximately S$8.4 million for the year ended 30 June 2023. 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 PRC. The Group also provides customised training to its staff to enhance their technical and product knowledge.

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

Furthermore, the Company has adopted a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible persons for their contributions to the Group. As no share option has been granted by the Company under the Scheme since the listing, there was no share option outstanding as at 31 December 2023 and no option was exercised or cancelled or lapsed during the Reporting Period.

OTHER INFORMATION

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "Shareholders) and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code as contained in Appendix C1 (renumbered from Appendix 14 to C1 with effect from 31 December 2023) to the Listing Rules (the "CG Code") as set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the CG Code during the Reporting Period except disclosed as follows:

Under the code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Ms. Zhang Hong, the independent non-executive Director (the "INED") of the Company, was unable to attend the annual general meeting of the Company held on 29 November 2023.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Teo Li Lian ("Ms. Teo") currently holds both positions. Throughout the Group's history, Ms. Teo has held key leadership position of the Group and has been responsible for overall strategic planning, sales and marketing, management and operation of the Group. In order to achieve effective strategic planning and to monitor the implementation of such plans, the Board (including the INEDs) considers that Ms. Teo is the best candidate for both positions and the present arrangements are beneficial to and in the interests of the Group and the Shareholders as a whole. Mr. Mu Lei ("Mr. Mu"), an executive Director, has been appointed as a co-chairman of the Board with effect from 20 January 2022 alongside with Ms. Teo. Mr. Mu will continue to focus on providing strategies and insights on the expansion of the business of the Group in the PRC. With the appointment of Mr. Mu and as all major decisions are made in consultation with all the members of the Board, including the INEDs offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

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

COMPLIANCE WITH RULES 3.10, 3.10A, 3.21 AND 3.27A OF THE LISTING RULES

As disclosed in the announcement dated 26 October 2023 of the Company, following the retirement of Mr. Lim Wee Pin as an INED, the chairman of each of the audit committee and the nomination committee, as well as a member of the remuneration committee of the Board on 29 November 2023, the Company did not meet the requirement of Rules 3.10, 3.10A, 3.21 and 3.27A of the Listing Rules. The Company will seek to appoint a new INED and to fill the vacancy of the committees of the Board as soon as practicable and within three months as stipulated under Rules 3.11 and 3.23 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 (renumbered from Appendix 10 to C3 with effect from 31 December 2023) to the Listing Rules (the "Model Code") as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2023, including the applicable accounting policies and accounting standards adopted by the Group, and considers that such statements have been prepared in compliance with the applicable Listing Rules.

APPRECIATION

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

PUBLICATION OF 2023/2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report of the Company for the six months ended 31 December 2023 will be despatched to the Shareholders and will be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.amgroupholdings.com) in due course in the manner required by the Listing Rules

By order of the Board
AM Group Holdings Limited
Teo Li Lian
Co-Chairlady, executive Director and Chief Executive Officer

Hong Kong, 28 February 2024

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