



AM GROUP HOLDINGS LIMITED

創世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1849

SHARE OFFER

Sponsor

ALTUS CAPITAL LIMITED

Sole Global Coordinator

CROSBY

Joint Bookrunners

CROSBY



Joint Lead Managers



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



AM GROUP HOLDINGS LIMITED

創世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Total number of Offer Shares : 200,000,000 Shares (subject to the Over-allotment Option)
Number of Public Offer Shares : 20,000,000 Shares (subject to reallocation)
Number of Placing Shares : 180,000,000 Shares (subject to reallocation and the Over-allotment Option)
Offer Price : Not more than HK\$0.70 per Offer Share and expected to be not less than HK\$0.65 per Offer Share plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : HK\$0.01 per Share
Stock code : 1849

Sponsor

ALTUS CAPITAL LIMITED

Sole Global Coordinator

CROSBY

Joint Bookrunners

CROSBY

茂宸證券有限公司
MASON SECURITIES LIMITED

Joint Lead Managers

富強證券
FORTUNE (HK) SECURITIES

六福金融
LUKFOOK FINANCIAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by an agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date, which is expected to be scheduled on or about Wednesday, 19 June 2019, or such later date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), and, in any event, no later than 5:00 p.m. on Thursday, 20 June 2019. If our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before the Price Determination Date, or such later date as may be agreed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Share Offer will not become unconditional and will immediately lapse. The Offer Price is expected to be not more than HK\$0.70 per Offer Share and not less than HK\$0.65 per Offer Share. The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process and with the consent of our Company, reduce the indicative Offer Price range to below that stated in this prospectus (which is HK\$0.65 to HK\$0.70 per Offer Share) at any time on or before the morning of the last day for lodging applications under the Public Offer. If this occurs, a notice of reduction of the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.amgroupholdings.com as soon as practicable following the decision to make such reduction and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer.

Pursuant to the force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Public Offer, the Public Offer Underwriter has the right, in certain circumstances, subject to its sole and absolute opinion, to terminate its obligations under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Wednesday, 26 June 2019). Such circumstances are set out in the section headed "Underwriting — Underwriting arrangement and expenses — Public Offer — Grounds for termination" of this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk factors" of this prospectus.

No information on any website forms part of this prospectus.

13 June 2019

EXPECTED TIMETABLE

*If there is any change in the following expected timetable, our Company will issue an announcement on the respective websites of our Company at **www.amgroupholdings.com** and the Stock Exchange at **www.hkexnews.hk**.*

Date⁽¹⁾
2019

Latest time to complete electronic applications under
HK eIPO White Form services through the designated
website **www.hkeipo.hk**⁽²⁾ 11:30 a.m. on Wednesday, 19 June

Application lists of the Public Offer open⁽³⁾ 11:45 a.m. on Wednesday, 19 June

Latest time for lodging **WHITE** Application Form and
YELLOW Application Form and giving **electronic application**
instructions to HKSCC⁽⁴⁾ 12:00 noon on
Wednesday, 19 June

Latest time to complete payment of **HK eIPO White Form** applications
by effecting Internet banking transfer(s) or PPS payment transfer(s) 12:00 noon on
Wednesday, 19 June

Application lists of the Public Offer close⁽³⁾ 12:00 noon on Wednesday, 19 June

Expected Price Determination Date⁽⁵⁾ on or about Wednesday, 19 June

Announcement of the final Offer Price, the levels of indication of
interest in the Placing, the level of applications of the
Public Offer and the basis of allocation of the Public Offer
Shares to be published on our Company's website at
www.amgroupholdings.com and the website of
the Stock Exchange at **www.hkexnews.hk** on or before Tuesday, 25 June

Results of allocations in the Public Offer (with successful
applicants' identification document numbers, where applicable)
will be available through a variety of channels in the section
headed "How to apply for the Public Offer Shares
— 11. Publication of results" of this prospectus from Tuesday, 25 June

Results of allocations in the Public Offer will be available at
www.tricor.com.hk/ipo/result (alternatively: **www.hkeipo.hk/iporesult**)
with a "search by ID/Business Registration Number" function from Tuesday, 25 June

Despatch/Collection of Share certificates or deposit of the Share
certificates into CCASS in respect of wholly or partially successful
applications pursuant to the Public Offer on or before^(7, 8 and 9) Tuesday, 25 June

EXPECTED TIMETABLE

Date⁽¹⁾
2019

Despatch/Collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications on or before^(6, 7, 8 and 9) Tuesday, 25 June

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on Wednesday, 26 June

Notes:

1. All times and dates refer to Hong Kong local time and dates unless otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus.
2. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 19 June 2019, the application lists will not open and close on that day. Further information is set out in the section headed “How to apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the application lists” of this prospectus. If the application lists do not open or close on Wednesday, 19 June 2019, the dates mentioned under this section may be affected. Announcement(s) will be made by our Company in such event.
4. Applicants who/which apply by giving **electronic application instructions** to HKSCC should refer to the section headed “How to apply for the Public Offer Shares — 6. Applying by giving **electronic application instructions** to HKSCC via CCASS” of this prospectus.
5. Please note that the Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or about Wednesday, 19 June 2019 or such later time as may be agreed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), and, in any event, no later than 5:00 p.m. on Thursday, 20 June 2019. If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Thursday, 20 June 2019, the Share Offer will not proceed and will lapse. Notwithstanding that the Offer Price may be fixed at below the maximum indicative Offer Price of HK\$0.70 per Offer Share, applicants who/which apply for the Offer Shares must pay on application the maximum indicative Offer Price of HK\$0.70 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% but will be refunded the surplus application monies as provided in the section headed “How to apply for the Public Offer Shares — 13. Refund of application monies” of this prospectus.
6. Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. If you apply through the **HK eIPO White Form** services by paying the application monies through a single bank account, you may have e-Auto Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **HK eIPO White Form** services by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated website (**www.hkeipo.hk**) by ordinary post and at your own risk. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

EXPECTED TIMETABLE

7. For applicants who/which have applied on **WHITE Application Forms** or through **HK eIPO White Form** for 1,000,000 Shares or more under the Public Offer and have provided all information required by the Application Forms, they may collect their refund cheques and (where applicable) Share certificates in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 25 June 2019. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations which opt for personal collection must attend by sending their authorised representatives each bearing a letter of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar.
8. For applicants who/which have applied on **YELLOW Application Forms** for 1,000,000 Shares or more under the Public Offer and have provided all information required by the Application Forms, they may collect their refund cheques (if any) but may not elect to collect their Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who/which apply on **YELLOW Application Forms** is the same as that for **WHITE Application Form** applicants.
9. Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms shortly after the expiry of the time for collection at the date of despatch of refund cheques as described in the section headed "How to apply for the Public Offer Shares — 14. Despatch/Collection of Share certificates and refund monies" of this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses" of this prospectus has not been exercised and has lapsed. Investors who/which trade the Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Share Offer.

	<i>Page</i>
Expected timetable	i
Contents	iv
Summary	1
Definitions	11
Glossary of technical terms	21
Forward-looking statements	26
Waiver from strict compliance with the Listing Rules	28
Risk factors	30
Information about this prospectus and the Share Offer	44
Directors and parties involved in the Share Offer	49
Corporate information	53
Industry overview	55

CONTENTS

	<i>Page</i>
Regulatory overview	65
History, Reorganisation and Group structure	84
Business	92
Directors and senior management	133
Relationship with our Controlling Shareholders	145
Connected transactions	149
Share capital	150
Substantial Shareholders	154
Financial information	156
Future plans and use of proceeds	198
Cornerstone investors	212
Underwriting	217
Structure and conditions of the Share Offer	227
How to apply for the Public Offer Shares	238
Appendix I — Accountants' Report	I-1
Appendix II — Unaudited pro forma financial information	II-1
Appendix III — Property valuation report	III-1
Appendix IV — Summary of the constitution of our Company and Cayman Islands company law	IV-1
Appendix V — Statutory and general information	V-1
Appendix VI — Documents delivered to the Registrar of Companies and available for inspection	VI-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined under the sections headed “Definitions” and “Glossary of technical terms” of this prospectus.

BUSINESS OVERVIEW

We, as one of the earliest participants in the provision of online marketing services in Singapore, have been helping businesses build web presence and reach out to potential customers via online platforms since June 2005. Our Group provides search engine marketing services, creative and technology services and social media marketing services to clients from various business sectors, including professional services, general services as well as automotive and industrial, to name but a few. We are one of the first authorised resellers in Singapore for Google, which awarded us the “Excellence Performance Award” as early as 2006, and more recently, the “Mobile Innovation Award” in 2018. Over the years, we expanded our coverage to include Malaysia and we have established ourselves as a multi-award winning group serving over 900 active clients during the Track Record Period.

Our services are generally divided into the following three categories:

Services	Description	Media involved	Revenue generated
Search engine marketing services	We promote clients’ websites by increasing their visibility in search engine results pages through keyword purchasing. Clients can choose to display their results in multiple formats to a range of audiences across the globe using a wide variety of targeting methods	Search engines and websites	<p>FY2016: S\$14.2 million (82.5% of total revenue)</p> <p>FY2017: S\$17.8 million (85.8% of total revenue)</p> <p>FY2018: S\$22.0 million (83.0% of total revenue)</p> <p>6M FY2018: S\$10.8 million (85.9% of total revenue)</p> <p>6M FY2019: S\$11.9 million (85.0% of total revenue)</p>
Creative and technology services	<p>(i) Search engine optimisation which helps clients improve their website rankings, drive traffic and increase awareness by focusing on growing visibility in organic search results;</p> <p>(ii) Website development and hosting which involves website design, content development based on clients’ scripting, network security configuration and hosting; and</p> <p>(iii) Other services such as listing in directories and/or magazine coverage</p>	Search engines, websites and magazines	<p>FY2016: S\$3.0 million (17.2% of total revenue)</p> <p>FY2017: S\$2.6 million (12.8% of total revenue)</p> <p>FY2018: S\$3.8 million (14.2% of total revenue)</p> <p>6M FY2018: S\$1.4 million (11.3% of total revenue)</p> <p>6M FY2019: S\$1.7 million (12.0% of total revenue)</p>

SUMMARY

Services	Description	Media involved	Revenue generated
Social media marketing services	We achieve our clients' branding objectives through creating and sharing of relevant content as well as engagement of advertisement campaigns on social media platforms to gain traffic and attention	Social media platforms and websites	FY2016: S\$50,000 (0.3% of total revenue) FY2017: S\$301,000 (1.4% of total revenue) FY2018: S\$735,000 (2.8% of total revenue) 6M FY2018: S\$354,000 (2.8% of total revenue) 6M FY2019: S\$417,000 (3.0% of total revenue)

Our business model focuses on (i) acquiring in-depth knowledge of our clients' industry sectors; (ii) keeping ourselves abreast of the latest market offerings; and (iii) clear and transparent reporting so that clients are well informed of the results of the campaigns. Our three categories of online marketing services are inter-related and complementary to each other. We customise our services with regards to the needs and/or preferences of our clients and may provide a combination or a single type of our online marketing services. We believe we add value to our clients by (a) offering them one-stop integrated online marketing services to allow them to promote their brands, products or services effectively, efficiently and cost-efficiently; (b) tracking the performance of each online marketing campaign which traditional media are unable to offer; and (c) providing value-added services which search engines/social media platforms do not offer through their self-serve platforms.

Most of the contracts we enter with our clients are for a term of six months to one year. Our service fees are generally set as a fixed sum determined on a case-by-case basis and are set forth in the contracts between us and our clients. In formulating our service fees for an engagement, we take into consideration factors including but not limited to (i) the cost payable to our suppliers; (ii) the other costs for carrying out the project with reference to the estimated time to be spent and the scale of the project; and (iii) the performance index and marketing objective specified by our clients. Please refer to the paragraphs headed "5. Our business model" and "7. Sales and marketing" under the section headed "Business" of this prospectus for details.

Competitive landscape and our strengths

According to the Frost & Sullivan Report, the market size of overall marketing industry of Singapore was approximately US\$1,117.5 million in 2017, of which approximately US\$386.5 million, representing approximately 34.6%, was contributed by online marketing. In the same year, the market size of overall marketing industry of Malaysia was approximately US\$890.0 million, of which approximately US\$259.4 million, representing approximately 29.1%, was contributed by online marketing. Our Group ranked first among all online marketing service providers with approximately 7.2% market share of the online marketing industry in Singapore in FY2018, and approximately 1.7% market share of the overall marketing industry in Singapore in FY2018. We believe our competitive strengths lie with (i) our proven track record of formulating and executing effective market campaigns; (ii) our broad and solid client base with a high retention rate and long established relationships with suppliers; and (iii) our experienced management team with a consistent management culture. All of these, when combined with our business strategies as further elaborated below, place us in good stead to capture opportunities arising from the expected growth in the online marketing industry brought about by the ever-deepening smartphone penetration. Please refer to the section headed "Business — 2. Competitive strengths" of this prospectus for details.

Business strategies

We intend to further strengthen our market position and expand our business by (i) increasing our presence geographically in Malaysia and diversifying into high potential industry sectors; (ii) expanding capacity and enhancing productivity by strengthening our technological infrastructure and strategic

SUMMARY

acquisition of a website development and hosting company; and (iii) continuing to keep ourselves abreast of the market development for the latest market offering. Please refer to the section headed “Business — 3. Business strategies” of this prospectus for details.

Future plans and use of proceeds

Our Directors believe that the Listing would (i) provide us with the capital necessary to maintain our competitiveness in a rapidly evolving industry; (ii) enable us to increase our exposure and raise our profile in the Greater China region market, paving the way towards potential collaboration with PRC-based digital platforms in their pursuit for the Southeast Asian market; and (iii) enable us to leverage on the enhanced prestige offered by a listing status to attract new and retain existing talents, which is paramount to the future growth of our Group as an online marketing service provider.

Our future plans are set out under the section headed “Future plans and use of proceeds” of this prospectus. Assuming an Offer Price of HK\$0.675 per Offer Share, being the mid-point of the indicative Offer Price range, the net proceeds of the Share Offer to be received by our Company, after deducting the underwriting fees, commissions and estimate expenses payable by us in relation to the Share Offer, are estimated to be approximately HK\$103.0 million (equivalent to approximately S\$17.7 million). We intend to apply the net proceeds of the Share Offer as follows:

Purpose of the net proceeds of the Share Offer to be utilised	Total amount of net proceeds of the Share Offer to be utilised		Percentage of net proceeds of the Share Offer to be utilised
	HK\$'million	S\$'million	%
Strengthening our technological infrastructure	65.2	11.2	63.3
Acquisition of a website development and hosting company	29.3	5.0	28.5
Establishment of a sales office in Johor Bahru, Malaysia	5.9	1.0	5.7
Working capital	2.6	0.5	2.5
Total	103.0	17.7	100.0

Listing expenses

The estimated total listing expenses are approximately S\$5.5 million (equivalent to approximately HK\$32.0 million), of which (i) approximately S\$2.1 million is directly attributable to the issue of the Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately S\$1.8 million was charged to profit or loss of our Group for FY2018; and (iii) approximately S\$1.6 million is to be charged to profit or loss of our Group for FY2019. Such expenses are current estimates and for reference only. The final amount to be recognised to the profit or loss of our Group or to be capitalised is subject to adjustment based on audit and the changes in variables and assumptions and prospective investors should note that the financial performance of our Group for FY2019 would be affected by the listing expenses described above.

Sales and clients

During the Track Record Period, we had a wide and diversified client base. For FY2016, FY2017, FY2018 and 6M FY2019, our five largest clients accounted for approximately 11.4%, 11.3%, 12.6% and 20.8% of our revenue, respectively and no single client contributed to more than 12.0% of our revenue for the same period. Percentage of revenue from our five largest clients increased to approximately 20.8% for 6M FY2019 as the largest client engaging as an advertising agent in Malaysia contributed approximately 11.5% of our total revenue in 6M FY2019. To the best of our Directors' knowledge, none of our Directors, their close associates or any Shareholder (who or which, to the knowledge of our Directors owns more than 5.0% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our five largest clients during the Track Record Period, save for AMPH,

SUMMARY

one of our five largest clients during the Track Record Period, the entire shareholding of which had been disposed of by our Controlling Shareholders in April 2018. Further information on the disposal is set out in the section headed “Relationship with our Controlling Shareholders — Relationship between our Controlling Shareholders and AMPH” of this prospectus.

We served local and international brands across various business sectors, including professional services, general services, automotive and industrial, beauty and wellness, food and beverage, and others. Clients engaged in the professional services sector have been our largest revenue contributor, accounting for approximately 46.1%, 48.6%, 42.8% and 41.2% of our total revenue for FY2016, FY2017, FY2018 and 6M FY2019, respectively, with those from the medical field accounting for approximately 90.3%, 84.8%, 88.0% and 91.6% of the revenue from the professional services sector during the same periods, respectively. Our clients are mainly SME clients.

We strive to maintain good business relationships with our clients. Our sales team is responsible for pitching activities for the promotion of our business to new clients, while our customer relations team is responsible for the promotion of our brand and maintenance of relationships with our clients. During the Track Record Period, over 76.0% of our clients are repeated clients and approximately 66.0% of our clients had three to 13 years of relationship with us. The average contract sum per contract signed increased from approximately S\$12,000 for FY2016 to approximately S\$17,000 for FY2017 and further increased to approximately S\$19,000 for FY2018 and approximately S\$21,000 for 6M FY2019.

Suppliers

Our suppliers during the Track Record Period mainly included search engine platforms, social media platforms, magazine publisher, web hosting service provider and call tracking solution provider.

For FY2016, FY2017, FY2018 and 6M FY2019, the total cost of services paid to the five largest suppliers amounted to approximately S\$10.2 million, S\$12.7 million, S\$15.1 million and S\$8.7 million which accounted for approximately 92.6%, 93.3%, 93.7% and 94.1% of our total cost of services, respectively, while the total cost of services paid to the largest supplier amounted to approximately S\$9.8 million, S\$12.3 million, S\$14.6 million and S\$8.3 million which accounted for approximately 89.2%, 90.6%, 90.1% and 90.1% of our total cost of services, respectively. All our five largest suppliers during the Track Record Period are Independent Third Parties. Although our largest supplier accounted for approximately 90.0% of our total costs of services during the Track Record Period, our Directors believe, and the Sponsor concurs, that we have no undue reliance on our largest supplier because (i) our agreement with the largest supplier is non-exclusive and we are not restricted from working with other online platforms for online marketing; (ii) the high proportion of costs attributed to the largest supplier during the Track Record Period corresponds with the largest supplier’s market position and the reach and usage it provides as an online platform; (iii) the risk of termination of our agreement with the largest supplier due to cessation of its reseller programme is low; (iv) in the unlikely event that the largest supplier ceases its business in online marketing, we can work with other online marketing suppliers; and (v) the risk of termination of our agreement by the largest supplier without ceasing its reseller programme is low. Please refer to the section headed “Business — 9. Suppliers” of this prospectus for details.

Risk factors

There are risks associated with any investment and the material risks pertaining to our business are (i) our reliance on our largest supplier in the provision of search engine marketing services, and any disruption in the provision of services from our largest supplier may affect our business operations and financial results; (ii) our reliance on clients in the medical field and any changes in advertising laws or regulations or code of professional conduct which restrict our medical clients’ ability to advertise may significantly reduce our revenue and profitability; (iii) our business operations could be significantly disrupted by information technology system failures; (iv) our ability to attract, recruit or retain our executive Directors, senior management and other experienced and qualified staff, which is crucial to our success, stability and expansion of our operations; and (v) our ability to retain existing clients or attract new clients as we generally do not enter into long-term agreements with our clients. Please refer to the section headed “Risk factors” of this prospectus for details.

SUMMARY

SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the combined statements of profit or loss and other comprehensive income during the Track Record Period as derived from the Accountants' Report, the full text of which is set out in Appendix I to this prospectus. This summary should be read in conjunction with the aforesaid Accountants' Report and the section headed "Financial information" of this prospectus.

Summary of combined statements of profit or loss and other comprehensive income

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Revenue	17,248	20,732	26,554	12,532	14,017
<i>Search engine marketing services</i>	14,225	17,784	22,043	10,765	11,916
<i>Creative and technology services</i>	2,973	2,647	3,776	1,413	1,684
— Search engine optimisation	962	1,124	2,487	618	917
— Website development and hosting	1,003	979	719	362	340
— Other services	1,008	544	570	433	427
<i>Social media marketing services</i>	50	301	735	354	417
Gross profit	6,272	7,148	10,393	4,380	4,807
Profit for the year/period	2,856	3,242	3,985	1,735	1,709

Summary of financial position

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets	3,358	3,332	3,261	3,208
Current assets	6,753	8,361	10,315	10,952
Current liabilities	6,939	8,552	10,183	9,124
Net current (liabilities)/assets	(186)	(191)	132	1,828
Net assets	712	784	1,163	2,868

Key financial ratios (Note 1)

	As at 30 June			As at 31 December	
	2016	2017	2018	2017	2018
Gross profit margin	36.4%	34.5%	39.1%	35.0%	34.3%
<i>Search engine marketing services</i>	27.4%	28.2%	31.7%	30.0%	28.3%
<i>Creative and technology services</i>	79.7%	80.3%	84.1%	75.9%	77.7%
— Search engine optimisation	80.2%	83.4%	89.7%	79.3%	84.6%
— Website development and hosting	77.3%	84.6%	80.9%	81.2%	77.4%
— Other services	81.5%	66.3%	64.0%	66.5%	63.0%
<i>Social media marketing services</i>	14.0%	5.0%	32.0%	22.9%	30.9%
Net profit margin	16.6%	15.6%	15.0%	13.8%	12.2%
Current ratio	1.0 time	1.0 time	1.0 time	N/A	1.2 times
Gearing ratio	358.8%	313.8%	202.4%	N/A	79.9%
Debt to equity ratio (Note 2)	156.0%	16.3%	N/A	N/A	N/A
Interest coverage	65.8 times	44.3 times	61.3 times	33.9 times	106.0 times
Return on assets	28.2%	27.7%	29.4%	N/A	24.1%
Return on equity	401.1%	413.5%	342.6%	N/A	119.2%

SUMMARY

Notes:

1. Please refer to the section headed “Financial information — 13. Summary of key financial ratios” of this prospectus for calculation of financial ratios.
2. As at 30 June 2018 and 31 December 2018, debt to equity ratio is not applicable as our bank balances and cash was more than sufficient to cover our interest-bearing liabilities.

Non-IFRS measures (Note 1)

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>	
Profit for the year/period	2,856	3,242	3,985	1,735	1,709
Add: Listing expenses	—	—	1,816	627	794
Adjusted profit for the year/period	2,856	3,242	5,801	2,362	2,503
Adjusted net profit margin (Note 2)	16.6%	15.6%	21.8%	18.8%	17.9%

Notes:

1. The adjusted figures are for illustration purpose only and are not required under the IFRSs and are non-Generally Accepted Accounting Principles measures. To supplement the combined financial statements of our Group prepared in accordance with IFRS, the non-IFRS measures, namely adjusted profit for the year/period, adjusted net profit margin, as additional financial measures, have been presented in this prospectus. These unaudited non-IFRS financial measures should be considered in addition to, not as a substitute for, measures of our Group's financial performance prepared in accordance with IFRS. Our Directors believe that the presentation of non-IFRS financial measures when shown in conjunction with the corresponding IFRS measures provides useful information to prospective investors regarding financial and business trends relating to our financial conditions and results of operations that could otherwise be distorted by eliminating the impact of items that we do not consider indicative of the performance of our business and/or which we do not expect to be outstanding subsequent to the Listing.
2. Adjusted net profit margin is calculated based on the adjusted net profit divided by the revenue for the corresponding year/period. For further details, please refer to the section headed “Financial information — 5.10.2 Non-IFRS measures” of this prospectus.

Revenue

Search engine marketing services were our Group's main source of revenue during the Track Record Period. Revenue generated therefrom increased (i) from approximately S\$14.2 million for FY2016 to approximately S\$17.8 million for FY2017, representing a growth of approximately 25.0%; and (ii) from approximately S\$17.8 million for FY2017 to approximately S\$22.0 million for FY2018, representing a growth of approximately 23.9%. Such increase was primarily due to search engines becoming more commonly used by the general public and the increasing awareness of the effectiveness of online marketing. Revenue generated from search engine marketing services increased by approximately 10.7% from approximately S\$10.8 million for 6M FY2018 to approximately S\$11.9 million for 6M FY2019, which was mainly due to increase in revenue from Malaysia for search engine marketing services.

Our creative and technology services are mostly on project basis and the revenue generated therefrom depends on the project specifications and the number of projects secured in that financial year or period. Revenue generated from creative and technology services decreased slightly from approximately S\$3.0 million for FY2016 to approximately S\$2.6 million for FY2017 which was mainly due to decrease in revenue from other creative and technology services; and increased from approximately S\$2.6 million for FY2017 to approximately S\$3.8 million for FY2018 which was mainly due to increase in revenue from search engine optimisation and further increased from approximately S\$1.4 million for 6M FY2018 to approximately S\$1.7 million for 6M FY2019 which was mainly due to increase in revenue from search engine optimisation.

Revenue generated from social media marketing services increased significantly by approximately five times from approximately S\$50,000 for FY2016 to approximately S\$0.3 million for FY2017; and further increased by approximately 144.2% from approximately S\$0.3 million for FY2017 to

SUMMARY

approximately S\$0.7 million for FY2018. Such significant growth was primarily due to the continuous increase in popularity of social media platforms. Revenue generated from social media marketing services increased by approximately 17.8% from approximately S\$354,000 for 6M FY2018 to approximately S\$417,000 for 6M FY2019, which was mainly due to increase in revenue from Malaysia for social media marketing services.

The following table sets forth our revenue breakdown by the three categories of our online marketing services, by client sectors and by geographical locations:

	2016		Year ended 30 June 2017		2018		Six months ended 31 December 2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
							(unaudited)			
Search engine marketing services	14,225	82.5	17,784	85.8	22,043	83.0	10,765	85.9	11,916	85.0
Creative and technology services	2,973	17.2	2,647	12.8	3,776	14.2	1,413	11.3	1,684	12.0
— Search engine optimisation	962	5.6	1,124	5.4	2,487	9.4	618	4.9	917	6.5
— Website development and hosting	1,003	5.8	979	4.7	719	2.7	362	2.9	340	2.4
— Other services	1,008	5.8	544	2.7	570	2.1	433	3.5	427	3.1
Social media marketing services	50	0.3	301	1.4	735	2.8	354	2.8	417	3.0
Total	17,248	100.0	20,732	100.0	26,554	100.0	12,532	100.0	14,017	100.0

	2016		Year ended 30 June 2017		2018		Six months ended 31 December 2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
							(unaudited)			
Professional services (Note 1)	7,956	46.1	10,075	48.6	11,377	42.8	5,343	42.6	5,780	41.2
General services (Note 2)	3,840	22.3	4,518	21.8	5,971	22.5	2,811	22.5	3,128	22.3
Automotive and industrial	2,758	16.0	3,279	15.8	3,948	14.9	2,059	16.4	1,516	10.8
Beauty and wellness	1,082	6.3	717	3.4	1,019	3.8	492	3.9	552	4.0
Food and beverage	431	2.5	778	3.8	1,050	4.0	347	2.8	408	2.9
Others (Note 3)	1,181	6.8	1,365	6.6	3,189	12.0	1,480	11.8	2,633	18.8
Total	17,248	100.0	20,732	100.0	26,554	100.0	12,532	100.0	14,017	100.0

Notes:

- (1) Revenue from the medical field accounted for approximately 90.3%, 84.8%, 88.0% and 91.6% of the revenue generated from clients in the professional services sector for FY2016, FY2017, FY2018 and 6M FY2019, respectively. The remaining revenue was attributed to clients from the law and accounting field.
- (2) General services mainly include the education sector, renovation and fitting-out sector and other general services providers such as consultants, financial institutions and pest control companies.
- (3) Others mainly include the retail and entertainment sectors.

	2016		Year ended 30 June 2017		2018		Six months ended 31 December 2017		2018	
	S\$'000		S\$'000		S\$'000		S\$'000		S\$'000	
							(unaudited)			
Singapore	16,356		19,153		23,455		11,037		11,583	
Malaysia	892		1,579		3,099		1,495		2,434	
Total	17,248		20,732		26,554		12,532		14,017	

The increase in our Group's revenue generated in Singapore during the Track Record Period was primarily due to the constant growing demand from our Singapore clients for online marketing services. Our Group's revenue derived from Malaysia increased significantly during the Track Record Period. Revenue derived from Malaysia increased by approximately 77.0% from FY2016 to FY2017, which was largely due to the increase in revenue generated from our search engine marketing services; and

SUMMARY

approximately 96.3% from FY2017 to FY2018, which was due to the increase in revenue generated from new clients during FY2018. Revenue derived from Malaysia increased by approximately 62.8% from 6M FY2018 to 6M FY2019 mainly due to increase in revenue from search engine marketing services and social media marketing services.

Set out below is a breakdown of our cost of services by categories of online marketing services during the years/periods indicated:

	Year ended 30 June						Six months ended 31 December			
	2016		2017		2018		2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Search engine marketing services	10,329	94.1	12,776	94.0	15,062	93.2	7,538	92.5	8,547	92.8
— Ad space procurement	9,993	91.0	12,379	91.1	14,637	90.6	7,315	89.7	8,335	90.5
— Staff costs	336	3.1	397	2.9	425	2.6	223	2.8	212	2.3
Creative and technology services	603	5.5	522	3.9	599	3.7	341	4.2	375	4.1
— Ad space procurement	151	1.4	148	1.1	148	0.9	115	1.4	132	1.4
— Supporting services	98	0.9	103	0.8	103	0.6	54	0.7	52	0.6
— Staff costs	354	3.2	271	2.0	348	2.2	172	2.1	191	2.1
Social media marketing services	44	0.4	286	2.1	500	3.1	273	3.3	288	3.1
— Ad space procurement	43	0.4	166	1.2	374	2.3	195	2.4	222	2.4
— Staff costs	1	0.0	120	0.9	126	0.8	78	0.9	66	0.7
Total	<u>10,976</u>	<u>100.0</u>	<u>13,584</u>	<u>100.0</u>	<u>16,161</u>	<u>100.0</u>	<u>8,152</u>	<u>100.0</u>	<u>9,210</u>	<u>100.0</u>

Our cost of services increased by approximately 23.8% from FY2016 to FY2017, approximately 19.0% from FY2017 to FY2018 and approximately 13.0% from 6M FY2018 to 6M FY2019. Such increases were generally in line with the increases in our revenue during the Track Record Period.

Gross and net profit margin

Our gross profit margin decreased from approximately 36.4% for FY2016 to approximately 34.5% for FY2017, which was primarily due to higher staff costs recorded for social media marketing services as we expanded our team. Our operational efficiency in social media marketing services subsequently improved as time was required to familiarise ourselves with the offerings of social media platforms and was reflected by the significant increase in gross profit margin for social media marketing services from approximately 5.0% for FY2017 to approximately 32.0% for FY2018. Our gross profit margin for social media marketing services increased from approximately 22.9% for 6M FY2018 to approximately 30.9% for 6M FY2019 mainly due to increase in revenue from social media marketing services and decrease in associated staff costs as a result of lower average salary due to staff turnover. Our gross profit margin for search engine marketing services remained relatively stable for FY2017 as compared to FY2016, while it increased from approximately 28.2% for FY2017 to approximately 31.7% for FY2018 (and was the main driver for our overall gross profit margin improvement for the same period). Our gross profit margin for search engine marketing services remained relatively stable for 6M FY2018 and 6M FY2019. Our gross profit margin for creative and technology services recorded an increasing trend during the Track Record Period.

Our net profit margin decreased from approximately 16.6% for FY2016 to approximately 15.6% for FY2017, which was mainly due to the increase in selling expenses resulting from our efforts towards talent retention. Please refer to the section headed “Financial information — 5. Results of operations — 5.6 Selling expenses” of this prospectus for details. Profit for FY2018 increased as compared to FY2017, which was in line with the increase in gross profit for FY2018. Despite this, net profit margin decreased to approximately 15.0% for FY2018. Such decrease was mainly attributable to the listing expenses incurred during FY2018, which amounted to approximately S\$1.8 million. Our net profit margin further decreased to approximately 12.2% for 6M FY2019 as compared to approximately 13.8% for 6M FY2018, which was mainly due to larger amount of listing expenses incurred during 6M FY2019 as compared to 6M FY2018. After adjusting listing expenses, our net profit margin increased to approximately 17.9% for 6M FY2019.

SUMMARY

Net current assets/liabilities

As at 30 June 2016 and 2017, our Group recorded net current liabilities of approximately S\$0.2 million and S\$0.2 million, respectively, which was primarily due to cash outflow in relation to our investment property and advances to Shareholders. The investment property was purchased under a mortgage loan with a view to be part of our office premises for future expansion and was leased out to an Independent Third Party for rental income. During the Track Record Period, movements in floating interest rate of the mortgage loan resulted in the repayment of the mortgage loan and the interest expenses exceeding the rental income. In FY2016 and FY2017, our Group advanced to Shareholders amount of approximately S\$2.0 million and S\$2.9 million, respectively. Despite the net current liabilities positions as at 30 June 2016 and 2017, our Group had sufficient financial resources and strong operating cash inflows to operate our business and fulfil our obligations under contracts. Our Directors are of the view that the net current liabilities positions were transient and we subsequently returned to net current assets position at approximately S\$0.1 million and S\$1.8 million as at 30 June 2018 and 31 December 2018, respectively. Our Directors believe that our Group will continue to have sufficient financial resources to operate our business going forward.

Trade receivables

The amount of trade receivables as at 30 June 2016, 2017 and 2018 and 31 December 2018 was approximately S\$3.6 million, S\$4.6 million, S\$4.7 million and S\$4.3 million, respectively, and constituted a major component of our current assets throughout the Track Record Period. We had recorded long overdue trade receivables from a number of clients, for which our Directors consider there are no recoverability issues after assessing the individual condition of these clients. For further details of the analysis, please refer to the section headed “Financial information — 6. Selected items of statements of financial position — 6.2 Net current assets/(liabilities) — 6.2.2 Trade and other receivables” of this prospectus.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business model, revenue structure, financial performance, profitability and cost structure remained unchanged. Based on the unaudited financial information of our Group, for the four months ended 30 April 2019, the average monthly revenue remained steady and average monthly gross profit increased as compared to that for 6M FY2019. The increase in average monthly gross profit was mainly attributable to the rise in revenue contribution from creative and technology services, which has an overall higher gross profit margin. Excluding the impact of listing expenses incurred, our average monthly profit for the four months ended 30 April 2019 also increased compared to that for 6M FY2019, which was mainly due to increase in average monthly gross profit of creative and technology services as mentioned above, partially offset by the increase in average monthly general and administrative expenses primarily on staff cost during the four months ended 30 April 2019. In view of the competitive market for talents in the online marketing industry, our Group expects to incur larger amount of general and administrative expenses for FY2019. Such increase may offset the growth in our revenue and lead to a decline in our financial performance in FY2019.

MATERIAL ADVERSE CHANGE

Other than the non-recurring listing expenses incurred/estimated, which will have an adverse impact on our profitability, our Directors have confirmed that since 1 January 2019 and up to the date of this prospectus, (i) there has been no material adverse change in the market conditions and the industry and regulatory environment in which our Group operates that affects our financial or operating position materially and adversely; (ii) there has been no material adverse change in the business model, revenue structure, financial performance, profitability, cost structure, financial or trading position and prospects of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants’ Report in Appendix I to this prospectus.

SUMMARY

SHARE OFFER STATISTICS

	Based on the Offer Price of HK\$0.65 per Share	Based on the Offer Price of HK\$0.70 per Share
Market capitalisation (<i>Note 1</i>)	HK\$520,000,000	HK\$560,000,000
Unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share (<i>Note 2</i>)	HK\$0.16	HK\$0.18

Notes:

1. The calculation of market capitalisation of the Shares is based on the indicative Offer Price range from HK\$0.65 to HK\$0.70 per Offer Share and a total of 800,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue.
2. Please refer to the section headed “Unaudited pro forma financial information” included as Appendix II to this prospectus for details regarding the assumptions and calculation basis used.
3. All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

DIVIDEND

For FY2016, FY2017 and FY2018, our Group declared dividends of approximately S\$2.2 million, S\$3.2 million and S\$3.6 million, respectively. Dividends amounting to approximately S\$2.0 million, S\$2.9 million and S\$1.1 million were settled through offsetting against the amounts due from Shareholders during FY2016, FY2017 and FY2018, respectively. The remaining dividend payable were paid in cash during FY2018. The dividends were declared to reward our Shareholders’ investments in our Group. Our Directors consider the level of distribution appropriate and in the best interests of our Group as the portion of the net profits from ordinary activities attributable to our Shareholders retained is sufficient to support our Group’s expansion during the Track Record Period.

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

Any dividends declared will be in Singapore dollars with respect to the Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

SHAREHOLDERS INFORMATION

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), Ms. L. Teo and Mr. V. Teo will through Aactiva Media Investment control 75.0% of the Shares in issue. Please refer to the section headed “Relationship with our Controlling Shareholders” of this prospectus for details.

During the Track Record Period and up to the Latest Practicable Date, we leased our Singapore office premises from Ms. L. Teo and Mr. V. Teo, who are connected persons of our Company. These are continuing connected transactions exempted from reporting, announcement and independent Shareholders’ approval requirements. For details, please refer to the section headed “Connected transactions” of this prospectus.

PROPERTY VALUATION

Cushman & Wakefield Limited, our independent property valuer, has valued our investment property in Singapore as at 31 March 2019 at approximately S\$3.3 million, with the entire value attributable to us. Please refer to the property valuation report included as Appendix III to this prospectus for details.

DEFINITIONS

In this prospectus, the following expressions and terms shall have the meanings set out below unless the context otherwise requires.

“6M FY2018”	the six months ended 31 December 2017
“6M FY2019”	the six months ended 31 December 2018
“Accountants’ Report”	the accountants’ report of our Group prepared by the reporting accountants as set out in Appendix I to this prospectus
“Activa (BVI)”	Activa Media Holdings Limited (formerly known as Heyday Miracle Limited), a company incorporated in the BVI with limited liability on 8 November 2017 and a direct wholly-owned subsidiary of our Company
“Activa Media Consultancy”	Activa Media Consultancy Pte. Ltd., a company incorporated in Singapore with limited liability on 1 April 2014 and an indirect wholly-owned subsidiary of our Company upon Listing
“Activa Media Investment”	Activa Media Investment Limited (formerly known as Robust Warriors Limited), a company incorporated in the BVI with limited liability on 8 November 2017 and owned as to 50% each by Ms. L. Teo and Mr. V. Teo, and being one of our Controlling Shareholders
“Activa Media (M)”	SG ActivaMedia (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 21 October 2009 and an indirect wholly-owned subsidiary of our Company upon Listing
“Activa Media (S)”	Activa Media Pte. Ltd., a company incorporated in Singapore with limited liability on 22 June 2005 and an indirect wholly-owned subsidiary of our Company upon Listing
“Altus” or “Sponsor”	Altus Capital Limited, a corporation licensed by the SFC to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the sponsor of the Listing
“AMPH”	AMPH Advertising Agency Inc. (formerly known as Activa Media Philippines, Inc.), a company incorporated in the Philippines with limited liability on 13 August 2012 and since 16 April 2018 wholly-owned by Independent Third Parties
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), or, where the context so requires, any of them to be used in connection with the Public Offer

DEFINITIONS

“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 3 June 2019, and to take effect on the Listing Date, as amended, supplemented and/or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
“ASEAN” or “Southeast Asia”	a sub-region of Asia which consists of the following countries: Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
“associate(s)” or “close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	our board of Directors
“business day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal business to the public
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of 599,999,900 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “Further information about our Group — 4. Written resolutions of the sole Shareholder passed on 3 June 2019” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
“CCASS Custodian Participant(s)”	person(s) admitted to participate in CCASS as custodian participant(s)
“CCASS Investor Participant(s)”	person(s) admitted to participate in CCASS as investor participant(s) who/which may be an individual or joint individuals or corporation(s)
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force

DEFINITIONS

“CCASS Participant(s)”	CCASS Clearing Participant(s), CCASS Custodian Participant(s) or CCASS Investor Participant(s)
“Chairlady”	the chairlady of our Company
“Companies Act”	the Companies Act (Chapter 50) of Singapore, as amended, supplemented and/or otherwise modified from time to time
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time
“Companies (Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Companies Registry”	the Companies Registry of Hong Kong
“Company” or “our Company”	AM Group Holdings Limited (創世紀集團控股有限公司) (formerly known as Aactiva Media Group (Holdings) Limited), a company incorporated in the Cayman Islands as an exempted company with limited liability on 7 December 2017 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 13 June 2018
“connected person(s)” or “core connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the same meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules and, in the context of this prospectus, means the controlling shareholders of our Company, namely Ms. L. Teo, Mr. V. Teo and Aactiva Media Investment
“Controlling Shareholders’ Confirmation”	the confirmation dated 5 July 2018 executed by Ms. L. Teo and Mr. V. Teo, whereby they confirmed that they are a group of Controlling Shareholders, as further detailed in the section headed “Relationship with our Controlling Shareholders” of this prospectus

DEFINITIONS

“Crosby”	Crosby Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the Sole Global Coordinator, one of the Joint Bookrunners and the Public Offer Underwriter to the Share Offer
“Deed of Indemnity”	the deed of indemnity dated 3 June 2019 and executed by our Controlling Shareholders as indemnifiers in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the paragraph headed “Other information — 15. Tax and other indemnities” in Appendix V to this prospectus
“Director(s)”	the director(s) of our Company
“Fortune”	Fortune (HK) Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, being one of the Joint Lead Managers to the Share Offer
“Frost & Sullivan”	Frost & Sullivan Limited, an industry consultant engaged by our Company to prepare the Frost & Sullivan Report and an Independent Third Party
“Frost & Sullivan Report”	the industry report prepared by Frost & Sullivan and commissioned by our Company
“FY” or “financial year”	financial year of our Company ended or ending 30 June
“Greater China”	the PRC, Hong Kong, Macau and the Taiwan Province
“GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider
“Group”, “our Group”, “we”, “us” or “our”	our Company and our subsidiaries or any of them, or where the context so requires, in respect of the period before our Company becoming the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the businesses which have since been acquired or carried on by them or as the case may be their predecessors
“HK eIPO White Form”	the application for issue of Public Offer Shares in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk

DEFINITIONS

“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“ HKSCC ”	Hong Kong Securities Clearing Company Limited
“ HKSCC Nominees ”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“ Hong Kong ” or “ HK ”	the Hong Kong Special Administrative Region of the PRC
“ Hong Kong Branch Share Registrar ”	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
“ Hong Kong dollar(s) ” or “ HK\$ ”	Hong Kong dollar(s), the lawful currency of Hong Kong
“ IASB ”	the International Accounting Standards Board
“ IFRSs ”	the International Financial Reporting Standards issued by IASB
“ Independent Third Party(ies) ”	person(s) or company(ies) who or which is/are independent of and not connected (within the meaning of the Listing Rules) with our Company or any of our Directors, chief executive or substantial Shareholders of our Company and our subsidiaries or any of their respective associates
“ Indonesia ”	the Republic of Indonesia
“ Joint Bookrunners ”	collectively Crosby and Mason
“ Joint Lead Managers ”	collectively Fortune and Luk Fook
“ Latest Practicable Date ”	3 June 2019, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“ Listing ”	the listing of the Shares on the Main Board
“ Listing Committee ”	the listing sub-committee of the board of directors of the Stock Exchange
“ Listing Date ”	the date on which dealings in the Shares on the Main Board first commence, which is expected to be on or about Wednesday, 26 June 2019
“ Listing Rules ”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and/or otherwise modified from time to time

DEFINITIONS

“Luk Fook”	Luk Fook Securities (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, being one of the Joint Lead Managers to the Share Offer
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the main board of the Stock Exchange
“Malaysia”	the Federation of Malaysia
“Malaysian ringgit” or “MYR”	Malaysian ringgit, the lawful currency of Malaysia
“Mason”	Mason Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, being one of the Joint Bookrunners to the Share Offer
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted on 3 June 2019, as amended, supplemented and/or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
“Mr. L.B. Teo”	Mr. Teo Lian Beng, the father of Ms. L. Teo and Mr. V. Teo
“Mr. V. Teo”	Mr. Teo Kuo Liang, an executive Director and a Controlling Shareholder, and the brother to Ms. L. Teo
“Ms. L. Teo”	Ms. Teo Li Lian, the Chairlady, an executive Director, the chief executive officer of our Company, a Controlling Shareholder and the sister to Mr. V. Teo
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.70 per Offer Share and expected to be not less than HK\$0.65 per Offer Share, such price to be agreed upon by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date
“Offer Shares”	collectively, the Placing Shares and the Public Offer Shares

DEFINITIONS

“Over-allotment Option”	the option to be granted by our Company to the Placing Underwriters exercisable by the Sole Global Coordinator (for itself and on behalf of the Placing Underwriters) under the Placing Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 30,000,000 additional new Shares, representing 15% of the number of Offer Shares initially available under the Share Offer at the Offer Price to, among other things, cover over-allocations in the Placing, details of which are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus
“Philippines”	the Republic of the Philippines
“Philippines peso(s)” or “PHP”	Philippines peso(s), the lawful currency of the Philippines
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of our Company with professional, institutional and/or other investors in Hong Kong and elsewhere in the world outside the United States for cash at the Offer Price, as described in the section headed “Structure and conditions of the Share Offer” of this prospectus
“Placing Shares”	the 180,000,000 new Shares initially being offered for subscription by our Company for cash at the Offer Price under the Placing (subject to reallocation as described in the section headed “Structure and conditions of the Share Offer” of this prospectus) together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Placing Underwriters”	the underwriters of the Placing which are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing expected to be entered into between our Company, our Controlling Shareholders, our executive Directors, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters on or about the Price Determination Date, particulars of which are set out in the section headed “Underwriting” of this prospectus
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this prospectus only, Hong Kong, Macau and the Taiwan Province

DEFINITIONS

“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date to record the agreement on the final Offer Price
“Price Determination Date”	the date on which the Offer Price is to be determined, which is expected to be on or about Wednesday, 19 June 2019 or such later date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on which the Offer Price will be fixed for the purpose of the Share Offer, and in any event no later than 5:00 p.m on Thursday, 20 June 2019
“Public Offer”	the conditional offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms as described in the section headed “Structure and conditions of the Share Offer” of this prospectus
“Public Offer Shares”	the 20,000,000 new Shares initially being offered for subscription by our Company for cash at the Offer Price under the Public Offer (subject to reallocation as described in the section headed “Structure and conditions of the Share Offer” of this prospectus)
“Public Offer Underwriter”	the underwriter of the Public Offer whose name is set out in the section headed “Underwriting” of this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement relating to the Public Offer entered into between our Company, our Controlling Shareholders, our executive Directors, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter on 12 June 2019, particulars of which are set out in the section headed “Underwriting” of this prospectus
“Q”	calendar quarter, and Q1, Q2, Q3 and Q4 shall mean the first calendar quarter, the second calendar quarter, the third calendar quarter and the fourth calendar quarter, respectively
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Group structure” of this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented and/or otherwise modified from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company pursuant to a resolution in writing passed by our sole Shareholder on 3 June 2019 as described in the paragraph headed “Further information about our Directors and substantial Shareholders — 14. Share Option Scheme” in Appendix V to this prospectus
“Singapore”	the Republic of Singapore
“Singapore dollar(s)” or “S\$”	Singapore dollar(s), the lawful currency of Singapore
“Sole Global Coordinator”	Crosby
“sq. ft.”	square feet
“sq. m.”	square metres
“Stabilising Manager”	Crosby
“Stock Borrowing Agreement”	a stock borrowing agreement expected to be entered into on or about the Price Determination Date between Activa Media Investment and the Stabilising Manager (or its affiliates acting on its behalf), pursuant to which the Stabilising Manager may borrow up to 30,000,000 Shares from Activa Media Investment on the terms set out therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules, unless the context otherwise requires
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented and/or otherwise modified from time to time
“Track Record Period”	the period comprising the three years ended 30 June 2018 and the six months ended 31 December 2018
“Underwriters”	the Public Offer Underwriter and the Placing Underwriters

DEFINITIONS

“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America, including its territories and possessions and all areas subject to its jurisdiction
“United States dollar(s)” or “US\$”	United States dollar(s), the lawful currency of the United States
“ WHITE Application Form(s)”	the application form(s) for use by the public who/which require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“ YELLOW Application Form(s)”	the application form(s) for use by the public who/which require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent

All dates and times in this prospectus refer to Hong Kong time unless otherwise stated.

Unless otherwise stated, the conversion of S\$, MYR, PHP and US\$ into HK\$ in this prospectus have been based on the exchange rates of S\$1.00 to HK\$5.83, MYR1.00 to HK\$1.92, PHP1.00 to HK\$0.15 and US\$1.00 to HK\$7.81, respectively. No representation is made that any amounts in S\$, MYR, PHP and/or US\$ can be or could have been converted into HK\$ at the related dates at the above rates or any other rates or at all.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, if there is any inconsistency between English names and their Chinese translations, the English names shall prevail. The Chinese translation of the names in English or another language which are marked “” are translations provided for identification purpose only.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain definitions of technical terms used in this prospectus in connection with our Company and our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of these terms.

“active client(s)”	repeated client(s) and/or new client(s)
“ad space”	the part of a website or a series of web pages dedicated to online advertisements
“ad text”	the text of an advertisement
“advertisement design(s)”	the creation and organisation of visual artwork(s) used in advertisements for brand building, product and/or service promotion and customer relationship marketing
“advertiser(s)”	any person(s) who, or, company(ies) or organisation(s) which, place(s) advertisements or deploy(s) marketing strategies for brand building, product and/or service promotion and customer relationship marketing, which for the purposes of this prospectus only, refers to the brand(s), person(s), company(ies) or organisation(s) we serve directly, unless the context otherwise requires
“advertising format(s)”	the size, dimension and display of advertisement designs by different media platforms to optimise the use of their environment for the best advertising performance. Examples include standard banners which consist of advertising information that is confined to a fixed banner size and is loaded together with a webpage; expandable banners which can be expanded beyond the confinement of standard banners, and video advertisements which allow viewers to play with the size and shape of the video advertisements in real-time
“AM+”	a search marketing platform licensed by our Group which offers real-time bidding algorithm that responds to market conditions in real-time and adjusts bids per hour to make sure the budget of each search engine marketing campaign captures the maximum number of visits to advertisers’ websites or landing pages at the lowest cost
“AM-Track”	an advanced call tracking solution licensed by our Group for use in Singapore which involves setting up a landing page with an unique built-in tracking code to the website of an advertiser and tracking and recording of all calls to the advertiser prompted by the advertiser’s online marketing campaigns

GLOSSARY OF TECHNICAL TERMS

“API”	abbreviation of application programming interface, which is a set of functions and procedures that allow the creation of apps which access the features or data of an operating system, app, or other service
“app(s)”	abbreviation for application(s); small, specialised programme software(s) which can be run on mobile connected devices or social media platforms
“Big Data”	extremely large data sets that may be analysed computationally to reveal patterns, trends, and associations, especially relating to human behaviour and interactions
“Click-through-rate”	the percentage of people who clicked on an online advertisement (regardless of the advertising format) or a search engine optimised search result to arrive at the destination website or landing page
“Conversion”	the act of a visitor to a website or a corporate profile page of a social media platform performing a desired action, such as purchasing products or consuming services, registering or purchasing memberships, subscribing for newsletters and downloading software, or any activity beyond simple page browsing
“customer relationship marketing”	a business process in which client relationships, customer loyalty and brand value are built through marketing strategies and activities
“data mining”	the process of discovering patterns in large data sets involving methods at the intersection of machine learning, statistics, and database system with an overall goal to extract information (with intelligent methods) from a data set and transform the information into a comprehensible structure for further use
“digital media”	any media that are encoded in a machine-readable format, which can be created, viewed, distributed, modified and preserved on computers. Examples include websites, social media platforms and search engines
“display advertisement(s)”	a form of online advertisements involving the direct display of promotional messages at designated digital media in various advertising formats

GLOSSARY OF TECHNICAL TERMS

“Impressions”	the number of times an online advertisement (regardless of the advertising format) or a search engine optimised search result is displayed, regardless of whether it was clicked to arrive at the destination website or landing page
“INSIDE”	a health and lifestyle magazine with a service directory published by our Group annually
“Internet”	an interconnected system of networks that connects computers around the world and is publicly accessible. The Internet allows multimedia documents to be shared among computer users. Popular features of the Internet include, among other things, e-mails, blogs, discussion groups (such as online discussion sites), on-line conversations, websites, mobile sites, portals and social media platforms
“landing page”	a single web page used for Lead generation that appears in response to a click on a search engine optimised search result or an online advertisement
“Lead”	the initiation and stimulation of consumer interest or enquiry into the products and/or services of a business for the purpose of developing sales pipeline
“medical field”	individuals who and/or premises which are accredited, licensed, and/or registered as health professionals or institutions upon meeting the specified requirements and for the purposes of this prospectus only, include doctors, surgeons and dentists in different kinds of function and discipline; clinics; medical centres and hospitals
“mobile site(s)”	website(s) designed for the small screens of smartphones
“new client(s)”	client(s) who has/have signed his/her/its/their first contract with us and executed the first marketing campaign in the relevant financial year
“online platform(s)”	search engine platform(s), social media platform(s) and/or any other website(s) or platform(s) developed for use on the Internet
“organic search results”	the search results listings that appear on the non-advertisement section of a search engine results page with the search results ranking determined by factors such as relevance to the search keyword and quality of the content page

GLOSSARY OF TECHNICAL TERMS

“portal(s)”	website(s) that function(s) as entry point(s) to other websites, often by being or providing access to a search engine, news, information, etc. which present(s) information from diverse sources in a unified way
“print advertisement(s)”	a form of traditional marketing involving the direct display of promotional messages at designated print media
“repeated client(s)”	client(s) who (i) has/have signed contract(s) with us and executed at least one marketing campaign in the relevant financial year; and (ii) has/have previously signed contract(s) with us and executed at least one marketing campaign in the past
“search engine(s)”	remotely accessible programme(s) that allow(s) its users to search for information using specific keywords through the Internet. Examples include Google, Yahoo and Bing
“search engine marketing”	a form of online marketing that involves the promotion of websites by increasing their visibility in search engine results pages primarily through paid advertising
“search engine optimisation”	the process of ensuring a particular website appears high on the list of search results returned by a search engine
“search engine platform(s)”	online service platform(s), website(s) or app(s) which has/have search engine(s)
“smartphone(s)”	mobile phone(s) that perform(s) many of the functions of a computer, typically having a touchscreen interface, Internet access, and an operating system capable of running downloaded apps
“SME(s)”	small to medium-sized enterprise(s) with no more than 500 employees
“social advertisement(s)”	a form of online advertisement, the format(s) of which is/are designed by the relevant social media platform(s) to best use its/their social environment
“social media marketing”	a form of online advertising that utilises the unique features of social media platforms to deliver interactive and customised information to specific target customers

GLOSSARY OF TECHNICAL TERMS

“social media platform(s)”	online service platform(s), website(s) or app(s) that focus(es) on the building of social networks or social relations among people (especially those who share common interests and/or activities), which allow(s) users to create and share their service-specific profiles and other content (including text, photos and videos) and directly connect with one another through creating and joining groups and networks and sharing location. Examples include Facebook, Instagram and WeChat
“traditional marketing”	a form of advertising that reaches target customers directly through conventional forms of advertising media such as television, print, direct mail and outdoor
“website(s)”	collection(s) of world wide web files which are linked together by a website operator which, for the purposes of this prospectus only, includes portals and mobile sites

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS MAY NOT MATERIALISE

We have included in this prospectus forward-looking statements that are not historical facts, but relate to our intentions, beliefs, expectations or predictions of events.

In some cases, we use the words “aim”, “anticipate”, “believe”, “consider”, “continue”, “could”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “might”, “ought to”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would”, “wish” or similar expressions or the negative of these words or other similar expressions or statements in forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the following:

- our business prospects, operating strategies and plan of operation;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, potential for and future development of our business;
- our operations and business prospects, including new locations of expansion;
- our overall financial condition and performance;
- our planned projects;
- the regulatory environment of our industry in general and restrictions that may affect the industry in which we operate;
- the general industry outlook, competition for our business activities and future development in our industry;
- macroeconomic measures taken by government of Singapore and Malaysia to manage economic growth and general economic trends in Singapore and Malaysia;
- general political and economic conditions in Singapore, Malaysia and overseas;
- other statements in this prospectus that are not historical facts;

FORWARD-LOOKING STATEMENTS

- realisation of the benefits of our future plans and strategies; and
- other factors beyond our Group's control.

We believe that the sources of information and assumptions contained in such forward-looking statements are appropriate sources for such statements and we have taken reasonable care in extracting and reproducing such information and assumptions. We have no reason to believe that information and assumptions contained in such forward-looking statements are fake or misleading or that any fact has been omitted that would render such forward-looking statements fake or misleading in any material respect. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect the current views of our Company or our management with respect to future events and are not a guarantee of future performance.

The information and assumptions contained in the forward-looking statements have not been independently verified by us, our Controlling Shareholders, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other party involved in the Share Offer or their respective directors, officers, employees, advisers or agents and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to, those discussed under the section headed "Risk factors" and elsewhere in this prospectus.

These forward-looking statements are based on current plans and estimates, and apply only as at the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

In this prospectus, statement of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, our Company has obtained the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. The core business and operations of our Group are primarily located, managed and conducted in Singapore. Our assets are located in Singapore. All of our executive Directors are ordinarily based in Singapore and our Company does not and, in the foreseeable future, will not have any management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

In view of this, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from the compliance with Rule 8.12 of the Listing Rules on the following conditions:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange and ensure that our Group complies with the Listing Rules at all times. The two authorised representatives are Ms. L. Teo and Mr. Kwok Siu Man. Mr. Kwok Siu Man is ordinarily resident in Hong Kong. Although Ms. L. Teo does not ordinarily reside in Hong Kong, she possesses or is eligible to apply for valid travel documents to visit Hong Kong and she has never been rejected for application of such travel documents. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable). Each of the authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange. We will inform the Stock Exchange promptly in respect of any change in the authorised representatives;
- (b) each of the authorised representatives has the means to contact all members of our Board (including the independent non-executive Directors) and the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter. To enhance the communication between the Stock Exchange, the authorised representatives and our Directors, (1) each Director will provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses (if applicable) to the authorised representatives; and (2) in the event that a Director expects to travel and be out of office, he/she will endeavour to provide the phone number of the place of his/her accommodation to the authorised representatives or maintain an open line of communication via his/her telephone;
- (c) all Directors will provide their mobile phone numbers, residential phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange to ensure that they will be readily contactable when necessary to deal promptly with enquiries from the Stock Exchange. Each of our Directors is authorised to communicate on our Company's behalf with the Stock Exchange; and

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) all Directors have confirmed that they possess or are eligible to apply for valid travel documents to visit Hong Kong for business purposes and they have never been rejected for application of such travel documents, and they would be able to come to Hong Kong and meet with the Stock Exchange in Hong Kong upon reasonable notice.

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Altus as the compliance adviser for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. Altus will provide professional advice on matters relating to compliance with the Listing Rules and other obligations for companies listed in Hong Kong. Altus, in addition to the authorised representatives, will act as a channel of communication with the Stock Exchange.

RISK FACTORS

Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Share Offer. Prospective investors should pay particular attention to the fact that we conduct our operations in Singapore and Malaysia and that the legal and regulatory environment in Singapore and Malaysia may differ in some respect from that prevailing in other countries. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We rely on our largest supplier in the provision of search engine marketing services, and any disruption in the provision of services from our largest supplier may affect our business operations and financial results

During the Track Record Period, we relied on our largest supplier for the provision of search engine marketing services. For FY2016, FY2017, FY2018 and 6M FY2019, our Group's revenue generated from search engine marketing services amounted to approximately S\$14.2 million, S\$17.8 million, S\$22.0 million and S\$11.9 million, respectively, of which a substantial part of such services involved the engagement of our largest supplier. Our largest supplier accounted for approximately 89.2%, 90.6%, 90.1% and 90.1% of our total cost of services for FY2016, FY2017, FY2018 and 6M FY2019, respectively. We have been the reseller of our largest supplier since 2006. Apart from being our major supplier of search engine marketing services, our largest supplier has also been keeping us abreast of the latest industry trends, online marketing insights, technology and market statistics, which has facilitated us to leverage ourselves as a pioneer in the industry to offer the latest cost effective premier online marketing services to advertisers. For the salient terms of the reseller agreements we entered into with our major suppliers, please refer to the section headed "Business — 9. Suppliers" of this prospectus. Should there be any disruption in the provision of services from our largest supplier or should our largest supplier terminate its agreement with us, we can provide our search engine marketing services by utilising the self-serve platform of our largest supplier but there is no assurance that we may be able to get the same level of service and support from our largest supplier, which could keep us abreast of the latest online marketing services on offer and the latest online marketing trends. We may also cease to receive the performance bonus from our largest supplier as discussed in the section headed "Business — 9. Suppliers" of this prospectus (our Group received incentive bonus from our largest supplier of approximately S\$0.5 million, S\$0.7 million, S\$1.1 million and S\$0.4 million for FY2016, FY2017, FY2018 and 6M FY2019 respectively); and our operations, profitability and performance may be materially and adversely affected. For details on our Directors' view on this risk factor, please refer to the section headed "Business — 9. Suppliers" of this prospectus.

RISK FACTORS

We may be reliant on clients in the medical field and any changes in advertising laws or regulations or code of professional conduct which restrict our medical clients' ability to advertise may significantly reduce our revenue and profitability

Clients in the medical field had been the pillar of our business during the Track Record Period. For FY2016, FY2017, FY2018 and 6M FY2019, our revenue from clients in the medical field accounted for approximately 41.6%, 41.2%, 37.7% and 37.8% of our revenue, respectively. There is no guarantee that clients in the medical field can continue to advertise their practices via online platforms. Should there be any changes in advertising laws or regulations or the code of professional conduct which restrict our medical clients' ability to advertise, there is no assurance that we can find new clients from other business sectors who/which would engage our services with comparable level of revenue or at all should we lose our clients in the medical field, and our financial conditions, profitability and performance may be adversely affected.

If we experience information technology system failures, our business operations could be significantly disrupted

Our business operations and success depend on the stable performance of our information technology systems, which we utilise to, among other things, communicate with our suppliers and clients; design, execute and place online advertisements; build websites; and monitor the performance of and update our online marketing campaigns. For details of our information technology systems, please refer to the section headed "Business — 10. Information technology" of this prospectus. Any system failure that interrupts our ability to provide services to clients, could significantly reduce the attractiveness of our services to clients and reduce our revenue. Our information technology systems are vulnerable to a variety of events, including telecommunications failures, power shortages, malicious human acts and natural disasters. Moreover, any of our steps to increase the reliability and to avoid the redundancy of our information technology systems may not be effective and may not be successful in preventing system failures.

If we fail to attract, recruit or retain our executive Directors, senior management and other experienced and qualified staff, our ongoing operations and growth could be affected

While our success depends on a large extent on the experience and efforts of our key personnel including our executive Directors and senior management, our Directors are of the view that the ability to recruit and retain experienced staff is also crucial to the stability and expansion of our operations. According to the Frost & Sullivan Report, the recruitment of experienced personnel in the online marketing service industry is difficult due to the lack of experienced personnel available in the market. During the Track Record Period, our staff turnover rate was over 50.0%. There is no assurance that our key personnel and other experienced and qualified staff will continue their employment with our Group. The loss of any of our key personnel and other experienced and qualified staff could be detrimental to our ongoing operations as we may be unable to replace them in a timely or effective manner in the market. Our success will also depend on our ability to attract and retain experienced and qualified personnel in order to manage our existing operations, expand our client base as well as our future growth. We may be unable to successfully attract, recruit or retain key personnel and other experienced and qualified staff and this could adversely impact our operations and growth.

RISK FACTORS

We generally do not enter into long-term agreements with our clients. If we fail to retain existing clients or attract new clients, our revenue and profitability could be significantly reduced

Our success requires us to maintain our relationships with existing clients and to develop new relationships with potential clients. Our contracts with our clients generally do not include long-term obligations requiring them to use our services, and our contracts with our clients are generally on project basis. For details of our contracts with our clients, please refer to the section headed “Business — 7. Sales and marketing — Pricing policy” of this prospectus. As a result, we may have limited visibility as to our future marketing revenue streams. We cannot assure you that our services will remain attractive to our clients and that they will continue to use our services or that we will be able to replace, in a timely or effective manner, departing clients with potential clients that deliver comparable level of revenue. If we fail to retain our existing clients or increase advertisers’ utilisation of our services, or to provide attractive online marketing services and pricing to attract new clients, this could materially and adversely affect our ability to maintain or increase our revenue and profitability.

Our clients may delay in settlement of our bills, which may result in a material adverse impact on our business, financial conditions and results of operations

As at 30 June 2016, 2017 and 2018 and 31 December 2018, our overdue trade receivables amounted to approximately S\$3.4 million, S\$4.4 million, S\$4.5 million and S\$4.2 million, respectively, representing approximately 49.9%, 52.4%, 43.5% and 38.3% of our current assets, respectively. As at 30 June 2016, 2017 and 2018 and 31 December 2018, approximately 35.4%, 39.9%, 36.2% and 38.1% overdue trade receivables were over three months overdue, respectively. For details, please refer to the section headed “Financial information — 6. Selected items of statements of financial position — 6.2 Net current assets/(liabilities) — 6.2.2 Trade and other receivables” of this prospectus.

As a result, our business operations are subject to the risk of payment deferral by our clients. Our efforts in strengthening our trade receivables collection and management may be in vain and, we cannot assure you that we will be able to fully recover the outstanding amounts due from our clients, if at all, or that our clients will settle the amounts in a timely manner. If settlements by our clients are not made in full or in a timely manner, our business, financial conditions and results of operations will be adversely affected.

We face competition from new entrants

Our Group is primarily focused on the provision of online marketing services and our Group’s success is reliant on our continuous ability to offer cost effective premier online marketing services to advertisers.

RISK FACTORS

We face competition from our competitors. Such competition may further increase due to the entry of new players in the online marketing service industry. We will lose our competitive strengths if our business model is duplicated by our competitors. If we are unable to catch up with the trend of online marketing and respond competitively, our Group's profitability and financial performance will be adversely affected. Competition could also arise from the search engine platforms if they introduce more partners and premier partners in Singapore, Malaysia and any other countries which we may operate in the future. Any failure by our Group to compete effectively with our existing and future competitors and to adapt to changing market conditions and trends and remain competitive will adversely affect the demand for our business, results of operations and financial conditions.

Our clients' confidential information is subject to leakage or improper use, and our reputation may accordingly be significantly damaged

During the course of our operations, we are routinely exposed to confidential personal information of our clients. We rely on the security of our information technology systems as well as the integrity of our staff and physical security of our premises to preserve confidentiality of such information. Our servers may be vulnerable to hacking, data theft and subsequent leakage of confidential information to unauthorised third parties. We endeavour to preserve our clients' confidential information. However, there is no assurance that we will be able to completely protect our clients' confidential information from leakage or being used for an improper purpose. Our Group may be exposed to liabilities, such as complaints, claims, legal actions initiated by our clients or potential termination of business relationships arising from any leakage, loss or improper use of their confidential information. Our reputation, business and financial position may be materially and adversely affected as a result.

We may be unable to implement our future plans and achieve our anticipated growth rate

We may be unable to sustain the growth of revenue and profitability achieved by our Group during the Track Record Period. Our future business growth primarily depends on the successful implementation of our strategies and future plans as set out in the sections headed "Business — 3. Business strategies" and "Future plans and use of proceeds" of this prospectus. We may be unable to achieve the anticipated growth and expansion of our operations due to factors which are beyond our control, such as changes in market demands. As such, there is no assurance that the future plans of our Group will materialise, or be completed by the predetermined timeframe, or that the objectives of our Group will be fully or partially achieved. Our business, profitability and financial conditions in the future may be materially and adversely affected.

In addition, the implementation of our strategies and plans may result in significant capital expenditures to be incurred by us, which may or may not be recoverable, and may divert management's attention from other business concerns.

Further, part of our expansion plan is to progressively expand our business in Singapore and Malaysia. Our Group's overall operating costs will increase substantially due to the increase in the number of employees and the additional rental costs for new office premises. Revenue to be generated from the expanded business operations may not be as expected due to factors beyond our control, such as the general market conditions and the economic and political environment in the relevant market locations. Such factors may cause a delay in reaping the benefits of our expansion plans and hence, our Group's financial results may be adversely affected.

RISK FACTORS

If we fail to achieve the marketing objectives of our clients, we could lose clients and our revenue could decline

We customise our online marketing services based on the individual needs and marketing objectives of our clients. In general, the marketing objectives of our clients will be set for reference purposes before the commencement of a project and may be revised throughout the project, and our online marketing services may be fine-tuned with reference to feedback from our clients. While the marketing objectives are usually set out solely for reference purposes and are not guaranteed by us, most of our clients assess our performance mainly based on our effectiveness in achieving the marketing objectives. As a result, we are expected to provide effective online marketing services that can achieve the desired marketing objectives of our clients (such as achieving a specific number of visitors within a given time frame). If our online marketing services are unable to achieve the desired marketing objectives of our clients, our relationship with our clients, reputation and revenue will be adversely affected.

We may be subject to legal proceedings and/or claims with respect to false or misleading information or other content provided by our clients

While we endeavour to verify the accuracy and truthfulness of information or other content provided by our clients which are used in the ad text of their online marketing campaigns, the general public may nevertheless find (i) the ad text (for which we are responsible to produce based on the information or other content provided by our clients); and/or (ii) the content of our clients' websites (for which our clients are primarily responsible) which the general public are led to by the online marketing campaigns, false, misleading or in breach of local advertising regulations or practices, and may lodge legal proceedings and/or claims against our clients and us. Any such allegations may result in civil proceedings or criminal proceedings (in cases where the conduct of advertising within a particular industry is subject to regulation), and we have to devote time and resources to defend ourselves in these actions regardless of the merit of these cases. Such legal proceedings and/or claims may also have a negative impact on our image, which may affect our ability in retaining our existing clients and in attracting new clients, thereby materially and adversely affecting our business, results of operations, financial conditions and prospects.

We may be subject to foreign currency fluctuations

We incurred net exchange loss of approximately S\$88,000, S\$42,000 and S\$24,000 for FY2016, FY2017 and 6M FY2019, respectively, and net exchange gain of approximately S\$11,000 for FY2018. Our Group is exposed to foreign currency risk as all our contracts signed in Malaysia are denominated in Malaysian ringgit, while our contracts with the majority of our suppliers are denominated in Singapore dollars. 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. For further details of the revenue contribution from our operations in Malaysia, please refer to the section headed "Business — 8. Clients" of this prospectus.

RISK FACTORS

We recorded net current liabilities as at 30 June 2016 and 2017 which may adversely affect our operations

We recorded net current liabilities of approximately S\$0.2 million and S\$0.2 million as at 30 June 2016 and 2017, respectively. For further details of our net current liabilities, please refer to the section headed “Financial information — 6. Selected items of statements of financial position — 6.2 Net current assets/(liabilities)” of this prospectus. If we have net current liabilities in the future, we may face constraints in our working capital for use in operations, making it more difficult to satisfy our repayment obligations in relation to debt or increasing our vulnerability to adverse economic conditions. There can be no assurance that our Group will not experience liquidity problems in the future. If our Group fails to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing or fail to obtain borrowings on commercially acceptable terms, our Group, on our own, may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

The financial performance of our Group for FY2019 will be affected by our listing expenses

The financial performance of our Group for FY2019 will be affected by the non-recurring expenses incurred in relation to the Listing. The listing expenses are estimated to be approximately S\$5.5 million (equivalent to approximately HK\$32.0 million, assuming an Offer Price of HK\$0.675, being the mid-point of the indicative Offer Price range of HK\$0.65 to HK\$0.70 per Offer Share). Out of the listing expenses of approximately S\$5.5 million, (i) approximately S\$2.1 million is directly attributable to the issue of the Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately S\$1.8 million was charged to the profit or loss of our Group for FY2018; and (iii) approximately S\$1.6 million is to be charged to the profit or loss of our Group for FY2019. For further details of our listing expenses, please refer to the section headed “Financial information — 17. Listing expenses” of this prospectus. Our Directors would like to emphasise that the listing expenses stated above are the current estimation for reference purposes and the actual amount to be recognised to the profit or loss of our Group or to be capitalised is subject to adjustment based on audit and the changes in variables and assumptions.

Accordingly, our Shareholders and potential investors should be informed that the financial results of our Group for FY2019 will be affected by the estimated expenses in relation to the Listing.

RISKS RELATING TO CONDUCTING BUSINESS IN SINGAPORE AND MALAYSIA

Social, political, economic and legal developments, as well as any changes in government policies in Singapore and Malaysia, 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 Singapore and Malaysia. Uncertainties in these areas include, but are not limited to, the risks of war, regional conflicts, terrorism, extremism, 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.

RISK FACTORS

Our Group's primary operating market is Singapore. For further details of the revenue contribution from our operations in Singapore, please refer to the section headed "Business — 8. Clients" of this prospectus. As Singapore is expected to remain as our Group's core market and place of operations in the foreseeable future, negative developments in the economy of Singapore may have a material adverse effect on our business. Although the overall Singapore economic environment (in which our Group predominantly operates) appears to be positive, there can be no assurance that this will continue to prevail in the future. If Singapore experiences any adverse economic conditions due to events beyond our control, such as natural disasters, contagious disease outbreaks or terrorist attacks, our overall business and results of operations may be materially and adversely affected.

Our operations in Singapore and Malaysia are subject to certain general laws and regulations governing advertisements in relation to certain specific products, services and industries. For details of these laws and regulations, please refer to the section headed "Regulatory overview" of this prospectus. Therefore, we face potential penalties for any non-compliance. Our management may be required to devote time and resources to handle compliance-related matters. Should the government in Singapore and/or Malaysia decide to introduce new laws and regulations or to amend or apply different interpretations to existing laws, especially in relation to laws and regulations that place additional restrictions or burdens on us or on the online marketing service industry in general, there will be adverse and material impact on our business and results of our operations.

There is foreign exchange control in Malaysia

There are foreign exchange policies in Malaysia which entail the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange policies are administered by the Foreign Exchange Administration, an arm of Bank Negara Malaysia which is the central bank of Malaysia. The foreign exchange policies monitor and regulate both residents and non-residents. Under the current Notices on Foreign Exchange Administration Rules issued by Bank Negara Malaysia, non-residents are free to repatriate any amount of funds in Malaysia at any time, including capital, divestment proceeds, profits, dividends, rental, fees and interest arising from investment in Malaysia, subject to the requirement that such repatriation must be made in foreign currency and in accordance with the applicable reporting requirements and withholding tax. In the event Bank Negara Malaysia were to introduce more restrictive or additional foreign exchange controls in the future, our ability to repatriate dividends or distributions from our subsidiary in Malaysia may be affected.

RISKS RELATING TO OUR INDUSTRY

Online marketing service industry is highly competitive

With the increasing penetration of smartphones over the years, there are numerous companies that specialise in the provision of online marketing services in both Singapore and Malaysia. Our Group competes primarily with our competitors or potential competitors on the provision of search engine marketing, search engine optimisation, social media marketing as well as other online marketing services. The online marketing service industries in both Singapore and Malaysia are rapidly evolving. Competition can be increasingly intensive and is expected to increase significantly in the future. This may result in lower pricing of our services, reduced profit margins and loss of our market share.

RISK FACTORS

Our Group competes with other competitors in Singapore and Malaysia primarily on the following basis:

1. brand recognition;
2. effectiveness of online marketing services;
3. pricing;
4. partnership with leading search engine platforms;
5. hiring and retention of talents; and
6. creativity in content design.

Our Group's existing competitors may in the future achieve greater market acceptance and recognition and gain a greater market share. It is also possible that potential competitors may emerge and acquire a significant market share. If existing or potential competitors enhance their quality of online marketing services over those offered by us, our business, results of operations and financial conditions would be negatively affected. Our Group also competes with traditional forms of media, such as newspapers, magazines, radio and television broadcast, for advertisers and advertising budgets.

Our existing and potential competitors may enjoy competitive advantages over us, in terms of operating history, brand recognition, client base, access to ad space, search engine platforms, social media platforms and financial and marketing resources. We may be unable to compete successfully. If we fail to compete successfully, we could lose clients. We also cannot assure you that our strategies will remain competitive or that they will continue to be successful in the future. Increasing competition could result in pricing pressure and loss of our market share, either of which could have a material adverse effect on our financial conditions and results of operations.

If we fail to successfully keep up with the rapidly changing technologies and develop and introduce new services, our competitive position and ability to generate revenue and growth could be adversely affected

Our success depends on our ability to adapt to rapidly changing technologies, to enhance quality of existing services and to develop and introduce a variety of new services to address our clients' changing demands. Internet is a fast changing and evolving platform. In order to adapt to this environment, our Group has to continuously develop new services utilising new platforms for our business. The introduction of new services is subject to risks and uncertainties. We may experience unexpected technical, operational, distribution or other problems that could delay or prevent the successful design, development, introduction or marketing of our new services. Any new service or enhancement we develop will need to meet the requirements of our existing and potential clients and may not achieve significant market acceptance. If we fail to keep pace with changing technologies and to introduce successful and well-accepted services for our existing clients or potential clients, we could lose our clients and our competitive position and ability to generate revenues and growth could be adversely affected.

RISK FACTORS

We heavily rely on online marketing for generating our revenue, but the market is subject to uncertainties which could affect our results of operations

The growth of online marketing in Singapore and Malaysia is subject to many uncertainties. Not having traditionally invested or devoted a significant portion of their budget or expenditures or other available funds to online marketing, some of our existing and potential clients may have limited understanding on online platforms. They may not find online platforms, such as search engine platforms and social media platforms, to be effective for promoting or showcasing their products and services when compared to the traditional forms of media, such as, print and broadcast media. Our Group's ability to generate and maintain certain level of revenue will depend on a number of factors, many of which are beyond our control, including but not limited to:

- the maintenance and enhancement of our brand name in a cost-effective manner;
- intensified competition in online marketing service industry and potential downward pressure on advertising prices;
- limited quality ad space;
- potential changes in governmental policy that would restrict and regulate our online marketing services;
- the acceptance and/or attractiveness of online platforms as an effective way for advertisers to place advertisements;
- the effectiveness of our marketing strategies and our tracking and reporting systems for online advertisements; and
- the potential development of technology that could block online advertisements and the expansion of advertisement blocking on online platforms, which might affect the delivery, display or tracking of online advertisements.

Our revenue growth depends on the continuous growth of Internet usage and infrastructure. If use of the Internet does not continue to grow, or if the Internet infrastructure does not effectively support its growth, our revenue and growth could be adversely affected

Our business and financial results depend heavily on the continuous growth in the use of Internet, whether through computers or other mobile connected devices. Internet usage may be inhibited for a number of reasons, many of which are beyond our control, including but not limited to:

- security concerns;
- unavailability of inexpensive and high speed service;
- inconsistent quality of service; and
- inadequate network infrastructure.

RISK FACTORS

If Internet infrastructure is unable to support the growing use of the Internet, the performance, usability and reliability of the Internet may be hindered and may decline. In addition, search engine platforms and social media platforms may experience interruptions in their services as a result of sabotage and other delays occurring throughout the Internet network infrastructure. The Internet could lose its viability as a commercial medium due to delays in the development or adoption of new technology required to accommodate increasing levels of Internet activity. If the use of Internet does not continue to grow, or if the Internet infrastructure does not effectively support its growth, our revenue and growth could be adversely affected.

RISKS RELATING TO THE SHARE OFFER

There is no assurance of liquidity of the Shares and the price and/or trading volume of the Shares may be volatile

Prior to the Share Offer, there has been no public market for the Shares. The indicative Offer Price range of the Offer Shares was the result of negotiations between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Share Offer. Following the Listing, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the trading price of the Shares will not decline below the Offer Price. In addition, investors may be unable to sell their Shares at or above the Offer Price.

The pricing and/or trading volume of the Shares may be volatile. The market price of the Shares may fluctuate significantly and rapidly as a result of the following factors, amongst other things, which may be beyond the control of our Group:

- actual or anticipated fluctuations in our results of operations;
- changes in investors' perception of our Group and the investment environment generally;
- changes in the analysis and recommendations of financial analysts;
- addition or departure of key management personnel;
- changes in pricing made by us or our competitors;
- changes in market valuations and share prices of companies with businesses similar to that of our Company that may be listed in Hong Kong;
- the liquidity of the market for the Shares;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- our ability to successfully implement our business strategies and future plans;
- fluctuations of exchange rates;

RISK FACTORS

- our involvement in potential litigations or regulatory investigations and proceedings;
- general changes and/or developments in local rules or regulations with regard to the Singapore and Malaysia markets that our Group operates in, including those that affect the demand for our online marketing services;
- changes in conditions affecting the online marketing service industry in Singapore and Malaysia;
- stock market sentiments in Hong Kong and worldwide; and
- political, economic, financial and social developments in Singapore, Malaysia, Hong Kong and worldwide.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. As a result, investors in the Shares may experience volatility in the market price of their Shares and a decrease in the value of their Shares regardless of our operating performance or prospects.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Share Offer. Therefore, subscribers of the Offer Shares in the Share Offer will experience an immediate dilution in pro forma adjusted net tangible assets value and existing Shareholders will receive an increase in the pro forma adjusted net tangible assets per Share of their Shares. Please see the section headed “Unaudited pro forma financial information” included as Appendix II to this prospectus for details. If we issue additional Shares in the future, subscribers of our Offer Shares may experience further dilution.

Future sales of substantial amounts of the Shares or the availability thereof in the public market may adversely affect the prevailing market price of the Shares and our Group’s ability to raise further capital

Except pursuant to the Share Offer, the Capitalisation Issue, the Over-allotment Option and the Share Option Scheme, our Company has undertaken to the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters not to issue any of the Shares or securities convertible into or exchangeable for the Shares within six months from the Listing Date without the prior written consent of the Sponsor, the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Joint Bookrunners and the Joint Lead Managers. Further, Shares held by our Controlling Shareholders are subject to certain lock-up undertakings in respect of their Shares. Please refer to the section headed “Underwriting” of this prospectus for a more detailed discussion of restrictions that may apply to future issuances and sales of the Shares.

After these restrictions lapse, the market price of the Shares may decline as a result of the future issuance of new Shares or other securities relating to the Shares, sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, or the perception that such issuances or sales may occur. This may also materially and adversely affect our Group’s ability to raise capital in the future at a time and at a price we deem appropriate.

RISK FACTORS

There is time lag between pricing and commencement of trading of the Shares and the price of the Shares could fall during the period before trading of the Shares begins

The Offer Price of the Offer Shares is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be a few business days after the Price Determination Date. As a result, investors may be unable to sell or deal in the Shares during that period. Accordingly, holders of the Shares are subject to the risk that the price of the Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time when the Offer Price is determined and the time trading begins.

Shareholders' interests may be diluted in the future as a result of additional equity fund raising

We may need to raise additional funds in the future to finance further expansion of our business. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage of ownership of such Shareholders may be diluted, and such newly issued securities may confer rights and privileges that take priority over those conferred by the Shares.

Our Company will comply with Rule 10.08 of the Listing Rules, which specifies that no further Shares or securities convertible into equity securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to be issued within six months from the Listing Date. Upon expiry of such six-month period, our Group may raise additional funds by way of issue of new equity or equity-linked securities of our Company to finance further expansion of our business, joint ventures or other strategic partnerships and alliances. Such fund-raising exercises may not be conducted on a pro-rata basis to the then Shareholders. As such, the shareholding of the then Shareholders may be reduced or diluted, and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

The interests of our Controlling Shareholders may not always coincide with the interests of our Company's public Shareholders

Immediately upon completion of the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), our Controlling Shareholders will own 75.0% of our enlarged share capital. Therefore, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at Shareholders' meetings in matters that are significant to us and our public Shareholders. For example, they may perform significant corporate actions, influence our Board composition and affect the issue of dividends. Our Controlling Shareholders may take actions and exercise influence that favour their interests over the interests of our Company or our public Shareholders. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with our and/or your interests, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with our and/or your interests, Shareholders, including you, may be disadvantaged as a result.

RISK FACTORS

The Share Offer is subject to potential termination of the Public Offer Underwriting Agreement

Prospective investors should note that the Public Offer Underwriter is entitled to terminate its obligations under the Public Offer Underwriting Agreement by giving written notice to our Company upon the occurrence of any of the events stated in the section headed “Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination” of this prospectus at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, fire, flooding, hurricanes, epidemic, pandemic, acts of terrorism, earthquakes, strikes or lockouts. Should the Public Offer Underwriter exercise its rights and terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse.

We may be unable to pay dividends to our Shareholders

Details of the dividend payments by us during the Track Record Period are set out in the section headed “Financial information — 19. Dividends” of this prospectus. The declaration and payment of future dividends will be at the discretion of our Directors and may depend on our operating results, financial position, other cash requirements including capital expenditure, the terms of borrowing arrangements (if any) and other factors deemed relevant by our Directors. We may be unable to record profits and have sufficient funds above our funding requirements, other obligations and business plans to declare dividends to our Shareholders. Any declaration and payment as well as the amount of dividends will also be subject to the Articles, including the approvals from our Shareholders and our Directors, if required. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiaries. As such, there is no assurance that dividend distributions will be made by our Company in the future with reference to our historical dividends.

Shareholders and investors could face difficulties in protecting their interests because our Company was incorporated under the laws of the Cayman Islands and these laws could provide different protections to minority Shareholders than the laws of Hong Kong

Our corporate affairs are governed by the Memorandum and the Articles and by the Companies Law and the laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from those established under statutes or judicial precedent in existence in Hong Kong. Such differences could mean that the minority Shareholders could have different protections than they would have under the laws of Hong Kong.

RISKS RELATING TO INFORMATION CONTAINED IN THIS PROSPECTUS

Investors should not place undue reliance on facts, statistics and data contained in this prospectus with respect to the economies and our industry

Certain facts, statistics and data in this prospectus are derived from various sources including the Frost & Sullivan Report, various official government sources or publicly available publications that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared by or independently verified by us, the Sponsor, the Sole Global Coordinator, the

RISK FACTORS

Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, affiliates or advisers. Therefore, none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practices and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Prospective investors should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the Share Offer

There may be press and media coverage regarding us or the Share Offer, which may include certain events, financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase the Shares, you should rely only on the financial, operational and other information included in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “aim”, “anticipate”, “believe”, “consider”, “continue”, “could”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “might”, “ought to”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would”, “wish” or similar terms. Those statements include, amongst other things, the discussion of our Group’s growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect.

The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Group’s control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligations to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed “Forward-looking statements” of this prospectus for further details.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirmed to the best of their knowledge and belief that the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

Copies of this prospectus required by the Listing Rules and the Companies (Miscellaneous Provisions) Ordinance are available, for information purpose only, at the respective offices of the Sole Global Coordinator and the Underwriters during normal office hours from 9:00 a.m. to 5:00 p.m. from Thursday, 13 June 2019 to Wednesday, 19 June 2019 (both dates inclusive).

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriter(s), any of their respective directors, officers, agents, employees or advisers or any other party involved in the Share Offer. Neither the delivery of this prospectus nor any offering or delivery made in connection with the Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as at any subsequent time.

Details of the structure and conditions of the Share Offer are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed “How to apply for the Public Offer Shares” of this prospectus and in the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Listing is sponsored by Altus. The Public Offer is fully underwritten by the Public Offer Underwriter under the terms of the Public Offer Underwriting Agreement, on a conditional basis. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or about the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company. The Share Offer is managed by the Sole Global Coordinator. For further information about the Underwriters and the Underwriting Agreements, please refer to the section headed “Underwriting” of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, or such later date or time as may be agreed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters). The Offer Price is currently expected to be not more than HK\$0.70 per Offer Share and not less than HK\$0.65 per Offer Share. The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range stated in this prospectus at any time on or before the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.amgroupholdings.com as soon as practicable following the decision to make such reduction and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date, the Share Offer will not proceed and will lapse.

RESTRICTIONS ON OFFER AND SALES OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offer of the Offer Shares described in this prospectus and the Application Forms, and that he/she is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and the related Application Forms may not be used for the purpose of, and do not constitute, an offer or invitation, nor are they calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the Application Forms, and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the U.S., except in compliance with the relevant local laws and regulations.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

This prospectus and any other materials relating to the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore pursuant to the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”). Accordingly, this prospectus and any other prospectus or materials in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares, may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of an exemption invoked under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA and other applicable provisions of the SFA, including Section 309B of the SFA read together with the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore.

This prospectus has not been and will not be circulated or distributed in the PRC, and the Offer Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC.

Prospective applicants for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, those to be issued pursuant to the Share Offer (including any Shares which may be issued upon the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme) and those to be issued pursuant to the Capitalisation Issue.

No part of the Shares or loan capital of our Company is listed or dealt in on any other stock exchange and, at present, no such listing or permission to deal is being or is proposed to be sought on any other stock exchange in the near future.

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. Accordingly, a total of 200,000,000 Offer Shares, which represent 25% of the enlarged issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme) will be made available under the Share Offer.

Under Section 44B(1) of the Companies (Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

ELIGIBILITY FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing, purchasing, holding, disposing or dealing in or exercise of any rights in relation to the Shares. It is emphasised that none of our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other party involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription, purchase, holding, disposal or dealing of Shares, or the exercise of any rights in relation to the Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our Cayman Islands principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong. All the Shares issued pursuant to the Share Offer will be registered on our Company's branch register of members in Hong Kong. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agrees. Dealings in the Shares registered at our branch register of members in Hong Kong will be subject to Hong Kong stamp duty. Please refer to the details in the paragraph headed "Other information — 23. Taxation of holders of Shares — (a) Hong Kong — (ii) Stamp duty" in Appendix V to this prospectus.

Unless our Company determines otherwise, dividends payable in HK\$ in respect of the Shares will be paid by cheque sent at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders of the Shares, the first-named holder.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedures for applying for the Public Offer Shares are set out under the section headed "How to apply for the Public Offer Shares" of this prospectus and on the relevant Application Forms.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out under the section headed “Structure and conditions of the Share Offer” of this prospectus.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and the related stabilisation exercise are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus.

STOCK BORROWING ARRANGEMENT

Details of the stock borrowing arrangement are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 26 June 2019, it is expected that the dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 26 June 2019. The Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 1849.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Ms. Teo Li Lian (Zhang Lilian) (張麗蓮)	1 Burghley Drive Singapore 558974	Singaporean
Mr. Teo Kuo Liang (Zhang Guoliang) (張國良)	1 Burghley Drive Singapore 558974	Singaporean
<i>Independent non-executive Directors</i>		
Mr. Chung Kwok Hoe (曾國豪)	Apartment Block 637B Punggol Drive #13-409 Singapore 822637	Singaporean
Mr. Tan Eng Ann (陳勇安)	16 Bedok North Drive #13-05 Singapore 465494	Singaporean
Mr. Lee Shy Tsong	396 Changi Road The Lenox #02-17 Singapore 415899	Malaysian

Further information is disclosed in the section headed “Directors and senior management” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor

Altus Capital Limited

a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

21 Wing Wo Street
Central
Hong Kong

Sole Global Coordinator

Crosby Securities Limited

a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

5th Floor, Capital Centre
151 Gloucester Road
Wanchai
Hong Kong

Joint Bookrunners

Crosby Securities Limited

a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

5th Floor, Capital Centre
151 Gloucester Road
Wanchai
Hong Kong

Mason Securities Limited

a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO

Portion 1, 12th Floor, The Center
99 Queen's Road Central
Hong Kong

Joint Lead Managers

Fortune (HK) Securities Limited

a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO

43rd Floor, Cosco Tower
183 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Luk Fook Securities (HK) Limited

a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO

Units 2201–2207 & 2213–2214

22nd Floor, Cosco Tower

183 Queen's Road Central

Hong Kong

Public Offer Underwriter

Crosby Securities Limited

5th Floor, Capital Centre

151 Gloucester Road

Wanchai

Hong Kong

Legal advisers to our Company

As to Hong Kong law:

Robertsons

Solicitors, Hong Kong

57th Floor, The Center

99 Queen's Road Central

Hong Kong

As to Singapore law:

RHTLaw Taylor Wessing LLP

Advocates and Solicitors, Singapore

Six Battery Road #10–01

Singapore 049909

As to Malaysia law:

Jeff Leong, Poon & Wong

Advocates and solicitors, Malaysia

B-11–8, Level 11

Megan Avenue II

Jalan Yap Kwan Seng

50450 Kuala Lumpur

Malaysia

As to Cayman Islands law:

Conyers Dill & Pearman

Cayman Islands, attorneys-at-laws

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

**Legal adviser to the Sponsor, the Sole
Global Coordinator, the Joint
Bookrunners, the Joint Lead Managers
and the Underwriters**

As to Hong Kong law:
Howse Williams
Solicitors, Hong Kong
27th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Reporting accountants

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Auditors

Deloitte & Touche LLP
Public Accountants and Chartered Accountant
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

Compliance adviser

Altus Capital Limited
*a corporation licensed to carry out Type 4 (advising
on securities), Type 6 (advising on corporate finance)
and Type 9 (asset management) regulated activities
under the SFO*
21 Wing Wo Street
Central
Hong Kong

Independent industry consultant

Frost & Sullivan Limited
1706, One Exchange Square
8 Connaught Place
Central
Hong Kong

Independent property valuer

Cushman & Wakefield Limited
16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

Receiving bank

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business	60 Paya Lebar Road #12–51/52 Paya Lebar Square Singapore 409051
Principal place of business in Hong Kong	Room 5705, 57th Floor The Center 99 Queen’s Road Central Hong Kong
Company’s website	www.amgroup Holdings.com <i>(Note: The contents of this website do not form part of this prospectus)</i>
Company secretary	Mr. Kwok Siu Man <i>Fellow of The Hong Kong Institute of Chartered Secretaries</i> 31st Floor, 148 Electric Road North Point Hong Kong
Authorised representatives (for the purpose of the Listing Rules)	Ms. Teo Li Lian 1 Burghley Drive Singapore 558974 Mr. Kwok Siu Man 31st Floor, 148 Electric Road North Point Hong Kong
Audit committee	Mr. Tan Eng Ann (<i>Chairman</i>) Mr. Chung Kwok Hoe Mr. Lee Shy Tsong
Remuneration committee	Mr. Lee Shy Tsong (<i>Chairman</i>) Ms. Teo Li Lian Mr. Chung Kwok Hoe Mr. Tan Eng Ann
Nomination committee	Mr. Chung Kwok Hoe (<i>Chairman</i>) Mr. Tan Eng Ann Mr. Lee Shy Tsong

CORPORATE INFORMATION

**Principal share registrar and transfer
office in the Cayman Islands**

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Hong Kong branch share registrar
and transfer office**

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Principal bankers

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

INDUSTRY OVERVIEW

The information presented under this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sponsor or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer nor is any representation given as to its accuracy or completeness. The information and statistics contained under this section may not be consistent with other information and statistics compiled within or outside of Singapore and Malaysia.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the online marketing market in Singapore and Malaysia. The report prepared by Frost & Sullivan for us is referred to in this prospectus as the Frost & Sullivan Report. We agreed to pay Frost & Sullivan a fee of HK\$600,000 which we believe reflects market rates for reports of this type.

Frost & Sullivan is a global growth consulting company founded in 1961 in New York which has over 43 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists.

RESEARCH METHODOLOGY

The methodology used by Frost & Sullivan in gathering the relevant market data in compiling the Frost & Sullivan Report includes primary and secondary research. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

Basis and assumptions

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in Singapore and Malaysia are likely to remain stable, which ensures the stable and healthy development of the online marketing market to continue in the forecasted period.

OVERVIEW

The Internet has allowed businesses to have a wider reach on a global scale and gives advertisers access to Internet users on a daily basis. With the growing number of Internet users, corporations have placed a greater importance on online marketing. Online marketing in Singapore consists of search engine marketing, search engine optimisation, video internet advertising, social media marketing, other display Internet advertising (e.g. online banners), and other types of Internet advertising (e.g. email marketing). One of advantages of online media platforms over traditional platforms is that the online marketing service providers are able to make use of data collected from the Internet and each online marketing campaign to provide valuable feedback to advertisers for them to better understand their target markets and to develop more specific strategies to grow their businesses. The online marketing

INDUSTRY OVERVIEW

expenditure in Singapore increased from US\$291.1 million in 2013 to US\$386.5 million in 2017. Meanwhile, the online marketing expenditure in Malaysia experienced a growth from US\$194.7 million in 2013 to US\$259.4 million in 2017.

TYPES OF ONLINE MARKETING

Unlike traditional marketing service, online marketing service provides advertisers with the tools to target and interact with specific audience groups, such that when Internet browsers use keywords to search for specific information, these online marketing services would enable the search result pages to display the relevant information in the most effective and customised manner on the respective platforms, and result in an increase of traffic to the advertisers' websites or marketing campaigns. The types of services offered by online advertising service providers can be divided into six main categories: search engine marketing, search engine optimisation, video Internet advertising, social media marketing, other display internet advertising and other types of Internet advertising.

- Search engine marketing refers to an efficient method in bidding for the advertisement spaces on the search result pages to display advertisers' advertisements, which could be shown in the form of websites and images.
- Search engine optimisation refers to improving the ranking of the advertisers' website on the organic search result pages.
- Video internet advertising refers to the creating and publishing of video advertisement on the search engine platform of video content.
- Social media marketing refers to creating and publishing the relevant contents on the social media platforms, including creating and managing the profile pages of advertisers, online-to-offline marketing campaigns and regular posting of latest updates of the advertisers.
- Other display Internet advertising refers to the creating and publishing of online banners on the search engine platforms.
- Other types of Internet advertising refers to the creating and publishing of advertising material through other Internet mediums, such as email.

In the context of our Group, search engine marketing services include search engine marketing, video Internet advertising and other display internet advertising. Social media marketing services have the same meaning as above, and creative and technology services include search engine optimisation and other advertisement supporting services provided by our Group.

The global market (including Southeast Asia) of search engine platforms is dominated by a handful of market players, with Google being the market leader, followed by Yahoo and Bing. Regarding the market of search engine platforms on video contents, it is mainly dominated by YouTube. While for social media platform, it is dominated by Facebook, Instagram and WeChat. On the other hand, the global tech giants, such as Amazon and Alibaba have been growing in prevalence in recent years as the search engines for consumer products. More recently, the tech giants in China has been active in increasing their presence in the Southeast Asian market through investment activities, indicating the great potentials in this region.

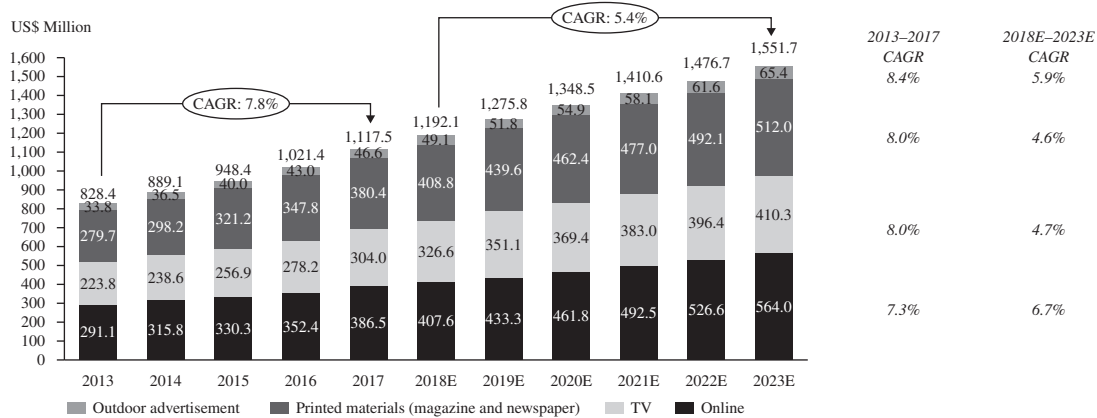
INDUSTRY OVERVIEW

OVERVIEW OF ONLINE MARKETING MARKET IN SINGAPORE

Market size

The total marketing expenditure of the overall marketing industry in Singapore increased from US\$828.4 million in 2013 to US\$1,117.5 million in 2017, representing a CAGR of 7.8%, and will continue to increase in the next few years at a CAGR of 5.4% to reach US\$1,551.7 million in 2023. Overall, the marketing expenditure in Singapore is growing and the trend is expected to continue, in particular, online marketing has the highest expected growth rate out of the four types of marketing, due to the increasing market awareness of its effectiveness.

Market size of overall marketing industry by media (Singapore), 2013–2023E

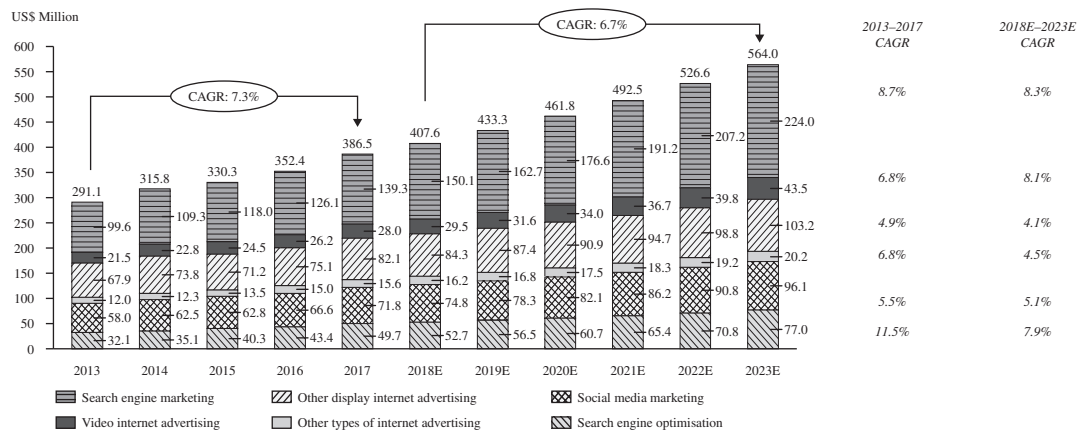


Note: Marketing expenditure is estimated in accordance to the financial year of our Group.

Source: Frost & Sullivan

The online marketing expenditure in Singapore increased from US\$291.1 million in 2013 to US\$386.5 million in 2017, at a CAGR of 7.3%. Due to the development of the information and communication technology, the emergence of online media, combined with the robust Internet infrastructure development and the favourable policies initiated by the Singapore government, online marketing in Singapore is likely to maintain a rapid growth with online marketing expenditure forecasted to reach USD564.0 million in 2023, representing a CAGR of 6.7% from 2018 to 2023. Amongst all types of online marketing services, search engine marketing is the largest spending segment with expected CAGR of 8.3% from US\$150.1 million in 2018 to US\$224.0 million in 2023, while search engine optimisation had the highest historical CAGR of 11.5% from 2013 to 2017, and it is expected to grow at a CAGR of 7.9% from 2018 to 2023, reaching US\$77.0 million in 2023.

Market size of online marketing by services type (Singapore), 2013–2023E



Note: Market size is estimated in accordance to the financial year of our Group.

Source: Frost & Sullivan

MARKET DRIVERS, TRENDS AND CHALLENGES

Market drivers and trends

Digital transformation — Singapore has been undergoing significant digital transformation during the past few years. In particular, the prevalence of smartphones has boosted the development of the industry, with an average Singaporean smartphone user spending about over 12.6 hours daily on their smartphones in 2018. It is expected that there will be an increasing reliance on internet services, and as such, Singapore's smartphone users will be easily exposed to online marketing advertisements, augmenting to the usage and reach of the online marketing.

Rapid development of online marketing products — During the past few years, the advertising products created by online search engine platforms and social media platforms have improved their functions in tracking users' habits on their online activities, allowing advertisers to utilise search engine marketing and social media marketing to reach their target consumers more effectively. Moreover, performances of every marketing campaign, in terms of coverage, click-through rate, conversions, etc. can be tracked, facilitating analysis as well as demonstrating investment returns on such marketing activities, which in turn contribute to advertisers' appreciation of online marketing.

Supportive policies in driving digital transformation — The Singapore government has been actively investing in the information and communication technology, spending over S\$2.4 billion in the development of digital data and security as of the end of 2018. The SMEs Go Digital programme was announced at Budget 2017 in Singapore, in charged by the Infocomm Media Development Authority (IMDA). It is designed to assist SMEs in Singapore to undergo digital transformation and further expand their businesses in the upcoming years. The SMEs are eligible to receive grants and implement digital solutions into their current operations, and eventually, to promote their businesses through the internet and social media.

Content marketing — In recent years, relevant content marketing has become more prevalent for online marketing as attention span shortens with Internet users spending on average less than three seconds with any piece of mobile content. The effectiveness of content marketing will be further enhanced with search engine marketing and search engine optimisation, which are generally the most effective in generating leads and traffic for advertisers.

Market challenges

Time required for market adoption — While businesses in Singapore are increasingly accepting the use of online marketing to promote their businesses, some businesses remain conservative towards online marketing as advertisers do not have a good understanding of the metrics used to measure the effectiveness of the online advertisements and the value in return. Moreover, some advertisers are more comfortable with offline advertisement channels, and restrict the budget allocated for online advertisements. Therefore, educating advertisers to believe in the effectiveness of online marketing on various Internet platforms will be crucial for the growth of the online digital marketing market in Singapore.

Online information clutter — The amount of information received by Internet users via online media is exploding due to the high speed of information transmission through internet, which makes it difficult for target audience to digest vast volume of information and capture the most effective information. Such ineffective information communication will increase the costs of engaging with target audience for advertising service providers, and thereby creating a considerable challenge for the sustainable development of advertising service industry.

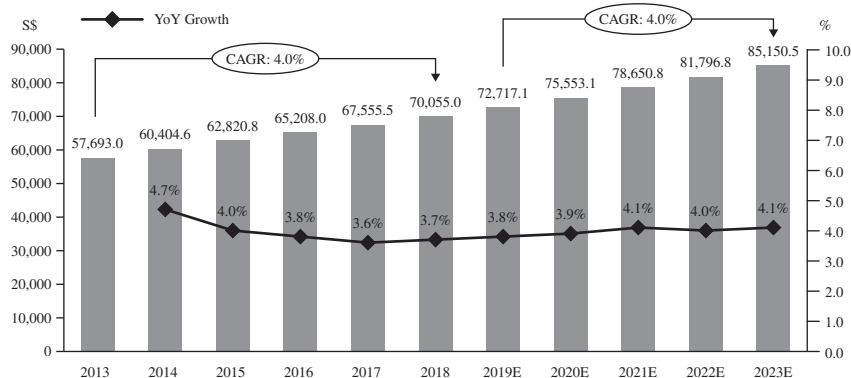
INDUSTRY OVERVIEW

Websites integration — Creating positive user experience is important for online marketing. While businesses are investing in online marketing to reach targeted Internet users, the quality of their websites is also crucial to the effectiveness of online marketing. There are occasions where the advertisers overlook the importance of the quality of their websites and the compatibility of their websites to different devices. As a result, the consumers who are attracted by the advertisements become disappointed due to the lack of information or the quality of the website itself. Therefore, it is important that the websites are reliable and compatible with different mobile browsers, and the information presented on the website is accurate to enhance user experience.

Cost analysis

The average annual wage of online marketing service specialist has recorded an increase from S\$57,693 in 2013 to S\$70,055 in 2018, representing a CAGR of 4.0%, and it is projected to grow at a CAGR of 4.0% between 2019 and 2023 and reach S\$85,150.5 by the end of 2023. Meanwhile, the average wage in Singapore grew at a CAGR of 3.4% from 2013 to 2017, which is slightly lower than the average growth in the online marketing services market. Such increase is attributable to the lack of digital marketing specialists in Singapore. The evolution of digital marketing has created a knowledge gap where traditional marketers lack the skill sets to harness and understand data collected digitally, while the younger workforce lacks the work experience in the industry, and therefore, created a competitive environment in the hiring process for online marketing service providers in Singapore.

Average annual wage of online marketing service personnel (Singapore), 2013–2023E



Source: Frost & Sullivan

COMPETITIVE LANDSCAPE IN SINGAPORE

Online marketing in Singapore mainly focuses on online search engines and social media platforms, and the high network coverage allows Internet users in Singapore to easily access to information with these platforms. The online marketing services market in Singapore is fragmented with over 100 service providers with different operating scales. Some service providers focus on offering a specific area of online marketing service, while larger scale service providers provide a wider variety of online marketing services. The robust Singapore consumer market has attracted multinational media agencies to establish their Southeast Asia headquarters in Singapore to expand their businesses in Southeast Asia. As Singapore is the leader of technological innovation in the region, online marketing service providers with established reputation in Singapore over the years are in a good position easier to expand into other countries in Southeast Asia, such as Malaysia, where the online marketing service market is in rapid development.

INDUSTRY OVERVIEW

The top five online marketing services providers in Singapore selected below are incorporated and headquartered in Singapore, and they all provide search engine marketing, search engine optimisation, and social media marketing services. They also provide various technology services such as website development and analytics. Moreover, the five companies have also established partnership with the same global online search engine company, where our Company was one of the very first online marketing service providers in Singapore to become the premier partner of this global online search engine provider, and we have grown over the years to become the market leader in Singapore with an approximated market share of 7.2% in FY2018, which equals to an approximated market share of 1.7% in the overall marketing industry in Singapore in FY2018.

Top five online marketing services providers in Singapore

Rank	Company name	Company type	Services	Approximated revenue in FY2018 US\$ million	Approximated market share of online marketing in FY2018 %
1	Our Company	Private	Search engine marketing, search engine optimisation, social media marketing, creative and technology services	19.5	7.2
2	Company A	Private	Search engine marketing, search engine optimisation, social media marketing, and technology services	10.1	3.7
3	Company B	Private	Search engine marketing, search engine optimisation, social media marketing, creative and technology services	9.7	3.6
4	Company C	Private	Search engine marketing, search engine optimisation, social media marketing, website design and development, and creative services	7.1	2.6
5	Company D	Private	Search engine marketing, search engine optimisation, social media marketing, and technology services	5.3	2.0
Top five total				51.7	19.1

Note: The ranking is estimated in accordance to the financial year of our Company.

Source: Frost & Sullivan

Entry barriers

Domain knowledge — To derive effective marketing campaign results by search engine marketing, social media marketing and search engine optimisation, advertisers need to adopt different approaches for different industries, in particular, in keyword selection and website coding, which are the main tools in achieving effective online marketing campaigns. As such, online marketing service providers that have experience accumulated from serving advertisers from a specific industry over the years could offer valuable insights to new advertisers of similar industry.

INDUSTRY OVERVIEW

Proven track record and market reputation — Online marketing services industry is scattered in Singapore and some of the major factors for advertisers to consider when selecting an online marketing service providers include the quality of their previous marketing campaigns and the market reputation they have established over the years. Potential advertisers will examine whether the service providers are experienced with marketing campaigns in the advertisers' industries and enquire the quality of their online marketing services from their industry peers before engagement. As such, the lack of proven track record and reputation in the industry will create high barriers for new market entrants in pitching for new advertisers.

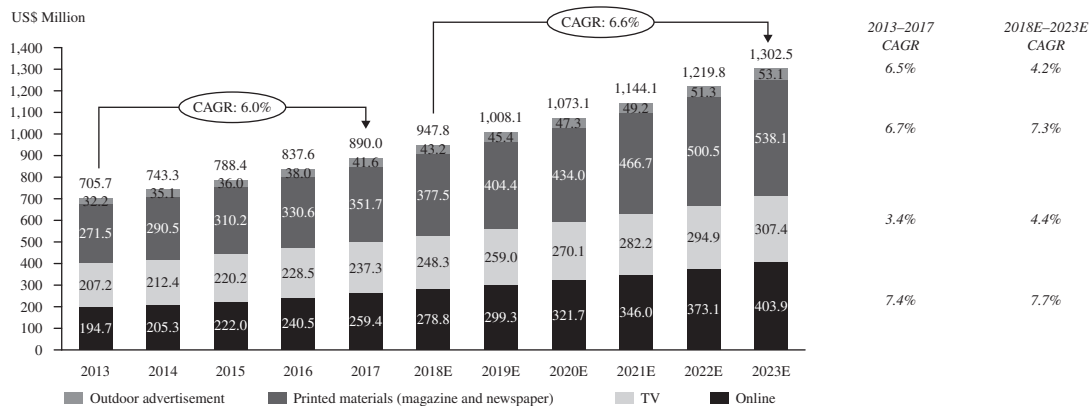
Recruiting and retaining online marketing specialists — For new market entrants, the recruitment of experienced online marketing specialists is difficult due to the lack of specialists in the Singapore market. New market entrants will have to compete with existing online marketing services providers that have the ability to offer more competitive salary packages in recruiting new staff. Moreover, new market entrants will also need to put efforts and resources in retaining their existing staff, in particular, the sales personnel, which has a relatively high turnover rate in the industry.

OVERVIEW OF ONLINE MARKETING MARKET IN MALAYSIA

Market size

The total marketing expenditure of overall marketing industry in Malaysia increased from US\$705.7 million in 2013 to US\$890.0 million in 2017, representing a CAGR of 6.0%, and will continue to increase in the next few years at a CAGR of 6.6% to reach US\$1,302.5 million in 2023. Supported by the increasing usage of online marketing, online marketing expenditure in Malaysia experienced growth at a CAGR of 7.4% from 2013 to 2017, and is expected to sustain at a higher CAGR of 7.7% for the next few years to reach US\$403.9 million in 2023. Both historical and expected growth rates of online marketing expenditure in Malaysia are higher than Singapore.

Market size of overall marketing industry by media (Malaysia), 2013–2023E



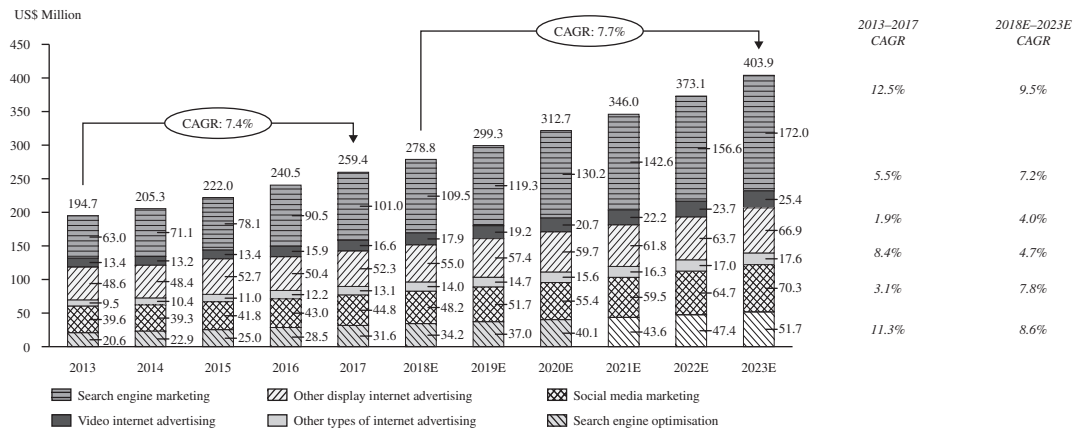
Note: Marketing expenditure is estimated in accordance to the financial year of our Group.

Source: Frost & Sullivan

Search engine marketing is the largest spending segment of online marketing in Malaysia. Search engine marketing and search engine optimisation both recorded growth in expenditure at CAGR of over 11.3% from 2013 to 2017, and are expected to continue at over 8.6% CAGR from 2018 to 2023.

INDUSTRY OVERVIEW

Market size of online marketing by services type (Malaysia), 2013–2023E



Note: Market size is estimated in accordance to the financial year of our Group.

Source: Frost & Sullivan

MARKET DRIVERS, TRENDS AND CHALLENGES

Market drivers and trends

Increasing application of online marketing — Overall online marketing is gaining popularity in Malaysia, supported by the continuous improvement in technological infrastructure and internet access, as well as the rising penetration rate of smartphones and the youth population. Resources are being channelled to integrating both online and offline media to leverage the synergies of marketing, so that the customers of advertisers could be engaged in a more effective manner, which in turn, bring along the demand for online marketing services to increase accordingly.

Favourable policies in Malaysia to online marketing — Supportive policies have been carried out by the Malaysian government to develop the online marketing industry in Malaysia. The Digital Free Trade Zone was launched in March 2017 as a state-of-the-art platform for SMEs and enterprises, and it aims to facilitate seamless cross-border trade and encourage local businesses to conduct e-commerce. On the other hand, the Malaysia Digital Hub initiative was subsequently launched in April 2017 for tech-startups to connect with ASEAN and the global digital ecosystem by providing those companies with resources to drive digital development, and help to establish Malaysia as a digital and tech hub in the ASEAN region.

Rising number of mobile Internet users — The mobile market in Malaysia is relatively developed compared to most of the other ASEAN markets. In Malaysia, the mobile broadband has dominated the mobile market and the mobile user base continues to expand. By the end of 2018, the total number of mobile Internet users in Malaysia has reached approximately 26.7 million, representing approximately 81.4% of the population and approximately 93.1% of Internet users, and the number of mobile Internet users is expected to reach over 28.0 million by 2021. Such high growth in the number of mobile Internet users will drive the growth in online marketing expenditures by the Malaysian companies.

INDUSTRY OVERVIEW

PRC-based tech conglomerates' expansion in Southeast Asia — Singapore and Malaysia have been leading the digital transformation in the Southeast Asian region over the past few years, which have attracted the presence of the PRC-based tech conglomerates. For example, Alibaba has invested over US\$4 billion in Lazada, an e-commerce platform based in Southeast Asia, over the past two years, in order to capture the growth prospect in the Southeast Asian region amid the slowing growth in the PRC e-commerce market, whereas Tencent already accumulated over 20 million WeChat users in Malaysia, has chosen Malaysia to be the first country outside of the PRC to launch WeChat Pay, a mobile payment service, in 2018. These have shown the PRC-based tech conglomerates are increasing their pace of expansion into the Southeast Asian market, and these represent the potential opportunities for digital marketing services providers in Singapore and Malaysia to collaborate with the PRC-based tech conglomerates for the coming years.

Market challenges

Low penetration rate of online marketing — As Malaysia is a developing country, online marketing service in Malaysia is still a relatively new concept for many advertisers. Advertisers have been allocating marketing expenditures to prints and TV advertisements in the past, and many advertisers may even have yet to create their companies' websites. They may need time to build up their appreciation on the cost effectiveness of online marketing services.

COMPETITIVE LANDSCAPE IN MALAYSIA

Competition overview

Malaysia is located next to Singapore and Singapore is renowned for its established regulatory framework, such that Malaysian advertisers, in general, have more confidence on the quality of services provided by companies with head offices set up in Singapore. Further, Malaysia has a different composition of economy compared to Singapore, in which Malaysia is mainly supported by the industrial sector rather than the service sector, such that online marketing services providers with experience in serving industrial sector advertisers would have the advantage in developing business in Malaysia. With the increasing prevalence of online marketing and the gaining appreciation on the cost effectiveness by the advertisers in Singapore, advertisers in Malaysia is likely to replicate such change in advertising budget after seeing the success that has been achieved in Singapore. Compared to Singapore, the online marketing industry in Malaysia is more fragmented as the demand for online marketing services in Malaysia picked up at a later stage than Singapore, and the industry players are enhancing their market positions in this fast growing market. In the meantime, the current top industry players in Malaysia are mostly international firms, which offer multiple types of advertising services on top of online marketing services, including brand consulting, design, production and distribution services across different media, such as TV and print in order to cater the traditional marketing services demand.

Entry barriers

Online marketing specialists — Malaysia is still in the initial stage of adopting online marketing, and the industry requires technical knowledge associated with coding of websites, and experience in collaboration with search engines platforms. With the developing status of the industry, new entrants of online marketing service providers may have to pay extra efforts to recruit and train sufficient number of specialists in order to ensure they could provide consistent quality of services to their advertisers.

Established customer network — As most Malaysian companies with a developed scale of business would likely have expanded into Singapore in earlier years, business opportunities in Malaysia are commonly referred by their offices in Singapore. For new entrants in the online marketing services market in Malaysia without an established reputation in Singapore may encounter difficulties to compete with service providers branching out from Singapore to Malaysia.

INDUSTRY OVERVIEW

SUMMARY AND PROSPECTS FOR OUR GROUP

Competitive positioning of our Group

Businesses in Southeast Asia are undergoing a transitional change to digitalisation, coupled with the increasing online marketing service demand from the PRC-based corporations seeking outbound expansion. Frost & Sullivan is of the view that with our strong track record in Singapore and Malaysia, and long established relationships with clients and suppliers, our Group is suitably positioned to increase our market presence and market share in the online marketing industry in Southeast Asia, where companies are becoming more appreciative of the cost effectiveness of online marketing.

Strengths of our Group

Frost & Sullivan has also identified the following as our Group's main strengths:

- Our Group has accumulated a great depth of domain knowledge over the years through serving our clients, and has been keeping abreast of the latest available products in the industry. These have enabled us to offer the most effective marketing campaigns with insightful analysis to our clients.
- Our Management and online marketing specialists have the credentials in delivering online marketing campaigns that can fulfil our clients' objectives, rendering our Group in the right position to capture the strong potential growth in online marketing in Singapore and Malaysia as companies in Singapore and Malaysia are allocating a bigger portion of marketing budgets from print media advertisements to online marketing.
- Our Group has a strong client base with long established relationships over the years. Frost & Sullivan is of the view that our Group has a good reputation in Singapore and Malaysia. Further, our awards as listed in the section headed "History, Reorganisation and Group structure" of this prospectus can indicate the recognition from our major suppliers on our high service quality.

REGULATORY OVERVIEW

This section sets forth a summary of the most significant regulations that affect our Group's business and operations. Information contained in this section should not be construed as a comprehensive summary nor detailed analysis of laws and regulations applicable to the business and operations of our Group.

OVERVIEW OF SINGAPORE LAWS AND REGULATIONS

We are not required to obtain any specific qualification, licence or permit for the purposes of carrying out our business in Singapore. However, there are certain regulations that may be of general application to our marketing/advertising business (primarily online in nature) in Singapore, which include (i) legislation that govern certain specific products, industries or services; (ii) general codes of practice in relation to advertising; (iii) legislation in relation to personal data of individuals (which may be collected, retained, used and disclosed in our day to day running of the business); (iv) spam control laws; and (v) other general regulations.

Legislation governing certain products/services/industries

There are various pieces of legislation governing advertisements in relation to certain specific products, services and industries in Singapore, some of which are as follows:

- (a) Medicines (Advertisement and Sale) Act (Chapter 177) which governs advertisements relating to certain diseases and medical services. Some of the provisions under this Act provide that no person (unless exempted) shall take part in the publication of any advertisement referring to (i) any article or articles of any description in terms which are calculated to lead to the use of that article or articles of that description as a medicine, appliance or remedy for the purpose of treatment of human beings for certain specified diseases and conditions (such as blindness and diabetes); and (ii) any skill or service relating to the treatment of any ailment, disease, injury, infirmity or condition affecting the human body so as to induce any person to seek the advice of the advertiser or any person referred to in the advertisement in connection with such skill or service;
- (b) Tobacco (Control of Advertisements and Sale) Act (Chapter 309) which controls advertisements in relation to tobacco-related products. Save as exempted under this Act, a person must not publish, or cause to be published, or take part in the publication in Singapore, of any advertisement which (i) contains any express or implied inducement, suggestion or request to purchase or to use any tobacco product or imitation tobacco product; (ii) provides a facility for a person accessing the advertisement on the Internet to purchase any tobacco product or imitation tobacco product; (iii) relating to any tobacco product or imitation tobacco product or its use in terms which are calculated, expressly or impliedly, to lead to, induce, urge, promote or encourage the use of the tobacco product or imitation tobacco product; or (iv) mention, illustrate or depict (aa) the name or trade name of any person associated or concerned with the manufacture, distribution or marketing of any tobacco product or imitation tobacco product, (bb) a brand name of, or trade mark relating to, any tobacco product or imitation tobacco product, or (cc) any pictorial device commonly associated with a brand name of, or trade mark relating to, any tobacco product or imitation tobacco product;

REGULATORY OVERVIEW

- (c) Indecent Advertisements Act (Chapter 135) which imposes restrictions on indecent advertisements and advertisements relating to the treatment of venereal diseases. Some of the provisions under this Act provide that a person shall not by any advertisement or any public notice or announcement treat or offer to treat any person for venereal disease, or prescribe or offer to prescribe any remedy for venereal disease, or offer to give or give any advice in connection with the treatment of venereal disease; and
- (d) Health Products Act (Chapter 122D) which regulates the advertisement of health products. Some of the provisions under this Act provide that (i) no person shall (aa) advertise any product or cause any product to be advertised as a health product if that product is not a health product, or (bb) advertise any registered health product or cause any registered health product to be advertised in such a way as to represent the registered health product as being usable for any purpose other than that for which it has been registered; and (ii) no person shall advertise any health product or cause any health product to be advertised in a false or misleading way.

Generally, any person who contravenes any of the relevant legislative provisions in these acts (as described above) shall be guilty of an offence and shall be liable on conviction to fines not exceeding S\$20,000 and/or imprisonment not exceeding two years as may be prescribed under the respective acts.

Further, the Consumer Protection (Trade Descriptions and Safety Requirements) Act (Chapter 53) contains provisions which, amongst other things, prohibit the misdescriptions of goods supplied in the course of trade. A person who contravenes such provisions (for example, through publication of advertisements containing false or misleading trade descriptions in relation to goods) may be charged with an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding two years or to both, though it is a defence for the person being charged that he did not know and had no reason to suspect its publication would amount to an offence under this Act if such person's business was to publish or arrange for the publication of advertisements and that he received the advertisement for publication in the ordinary course of business.

Singapore Code of Advertising Practice

The Singapore Code of Advertising Practice (“**SCAP**”) is a code of practice set out by the Advertising Standards Authority of Singapore (“**ASAS**”) for the regulation of the advertising industry. ASAS is an advisory council to the Consumers Association of Singapore (“**CASE**”) and was set up in 1976 to serve as the self-regulatory body of the advertising industry.

The SCAP prescribes general principles applicable to advertisements, which include:

- (a) decency — advertisements should not contain anything that is offensive to the standards of decency prevailing among those who are likely to be exposed to them;
- (b) truthful presentation — advertisements should not mislead in any way by inaccuracy, ambiguity, exaggeration, omission or otherwise; and
- (c) claims — advertisements should not misuse research results or quotations from technical and scientific publications.

REGULATORY OVERVIEW

The SCAP also contains guidelines relating to specific services/products and the ASAS has issued additional guidelines from time to time to cater to new market developments and to supplement the SCAP. These include the social media marketing guidelines and guidance note issued in 2016 which, amongst other things, emphasises that marketing communication (being of a commercial nature) should be clearly distinguishable from editorial and personal opinion and should not take the form of social media content that appears to originate from a credible and impartial source and that marketers should not boost user engagement of a website, a social media channel or their content through fraudulent means (such as through the purchase of bulk “likes”, the creation of fake accounts and the use of programmes that generate page views).

While SCAP has no force of law, any breach of the SCAP may potentially lead to sanctions applied by media owners through the withholding of advertising space/time or withdrawal of trading privileges from advertising agencies. Additionally, ASAS may name advertisers who have breached the SCAP and refer matters to CASE for action to be taken under the Consumer Protection (Fair Trading) Act (Chapter 52A) for advertisers who repeatedly ignore the SCAP by marketing of false, misleading or unsubstantiated claims.

Personal Data Protection Act (No. 26 of 2012)

As we may collect, process, use and/or disclose personal data of individuals in the provision of our marketing/advertising services to our clients, the Personal Data Protection Act (No. 26 of 2012) (“PDPA”) may be applicable to our business operations.

Generally, the PDPA governs the collection, use and disclosure of individuals’ personal data by organisations, and the PDPA is administered and enforced by the Personal Data Protection Commission (“PDPC”).

An organisation is required to comply with the following obligations prescribed by the PDPA:

- (a) obtain the consent of the individual before collecting, using, or disclosing his personal data, for purposes that a reasonable person would consider appropriate in the circumstances;
- (b) notify the individual of the purpose of collecting his personal data;
- (c) only use personal data for purposes consented by the individual;
- (d) put in place mechanisms for individuals to withdraw their consent;
- (e) take reasonable efforts to ensure that personal data collected are accurate and complete if the personal data is likely to be used to make a decision that affects the individual, or is likely to be disclosed to another organisation;
- (f) when requested, correct any error or omission in an individual’s personal data;
- (g) upon an individual’s request, provide an individual with his personal data in the organisation’s possession and control, as well as information about the ways in which the personal data have been used or disclosed in the past year;

REGULATORY OVERVIEW

- (h) protect personal data by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (i) cease to retain personal data as long as it is reasonable to assume that:
 - (i) the purpose for which it was collected is no longer being served by retaining it; and
 - (ii) the retention is no longer necessary for business or legal purpose;
- (j) not to transfer any personal data out of Singapore except in accordance with the requirements set out in the PDPA; and
- (k) implement the necessary policies and practices in order to meet its obligations under the PDPA and make information about its policies and practices available on request.

If the PDPC finds that an organisation is not complying with any provision in the PDPA, it may give the organisation all or any of the following directions:

- (a) to stop collecting, using or disclosing personal data in contravention of the PDPA;
- (b) to destroy personal data collected in contravention of the PDPA;
- (c) to comply with any direction of the PDPC to provide access to or correct the personal data;
or
- (d) to pay a financial penalty of such amount not exceeding S\$1 million.

Spam Control Act (Chapter 311A)

Our business may require us to send commercial electronic messages (including via electronic mail, text or multi-media messaging) to recipients in Singapore.

Under the Spam Control Act (Chapter 311A), we are required to obtain consent or requests from recipients to send commercial electronic messages (including via electronic mail, text or multi-media messaging) to recipients in Singapore and/or to comply with certain content requirements, including in relation to unsubscribe requests, subject field and header information.

Should a claim be brought under this Act, the types of relief that may be granted to the claimant include injunctions, damages and statutory damages which would generally not exceed S\$25 per electronic message and S\$1 million in aggregate.

Other general regulations

Copyright Act

Copyrights in Singapore are governed by the Copyright Act (Chapter 63) (“**Copyright Act**”) of Singapore. In Singapore, an author automatically enjoys copyright protection as soon as he creates and expresses his original work in a tangible form, such as in a recording or writing. There is no system of registration of copyrights in Singapore and there are no formal steps required to be taken in order for a

REGULATORY OVERVIEW

copyright to exist. The general position is that the person who created the work in question is the owner of the copyright and, in the case of a work created in the course of employment, the copyright belongs to the employer.

Subject to the provisions of the Copyright Act, the owner of a copyright may bring an action for an infringement of the copyright under Section 119 of the Copyright Act, and the type of relief the court may grant includes injunctions, damages, account of profits and/or statutory damages.

Newspaper and Printing Presses Act

Section 21(1) of the Newspaper and Printing Presses Act (Chapter 206) (“**NPPA**”) provides that no person shall print, publish or assist in the printing or publishing of any newspaper (which is defined in the NPPA to include any publication containing news, intelligence, reports of occurrences, or any remarks, observations or comments, in relation to such news, intelligence, reports of occurrences, or to any other matter of public interest) in Singapore unless the chief editor or the proprietor of the newspaper has obtained a permit authorising the publication thereof. Further, such permit would ordinarily be valid for one year from the date of its issue, and may be renewed for further periods not exceeding 12 months in respect of each renewal.

Employment laws and regulations

Employment Act

The Employment Act (Chapter 91) (“**EA**”) is administered by the Ministry of Manpower (“**MOM**”) and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA.

In particular, Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,600 a month. Section 38(8) of the EA provides that such relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the EA limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (“**Commissioner**”) for exemption if they require a relevant employee or class of relevant employees to work for more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner may, after considering the operational needs of the employer and the health and safety of the relevant employee or class of relevant employees, by order in writing exempt such relevant employee or class of relevant employees from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such relevant employee or class of relevant employees are employed.

REGULATORY OVERVIEW

Employment of Foreign Manpower Act

The Employment of Foreign Manpower Act (Chapter 91A) (“**EFMA**”) provides that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him.

In relation to the employment of semi-skilled or unskilled foreign workers, employers must ensure that such persons apply for a “Work Permit”. In relation to the employment of foreign mid-level skilled workers, employers must ensure that such persons apply for a “S Pass”. In relation to the employment of foreign professionals, employers must ensure that such persons apply for an “Employment Pass”.

The Employment of Foreign Manpower (Work Passes) Regulations 2012 (“**EFMR**”) require employers of work permit holders who are not domestic workers, among other things, to:

- (a) provide safe working conditions;
- (b) provide acceptable accommodation consistent with any written law, directive, guideline, circular or other similar instrument issued by any competent authority;
- (c) subsidise medical expenses of the foreign worker; and
- (d) purchase and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 per every 12-month period.

The EFMR also requires employers of S Pass holders, among other things, to:

- (a) subsidise medical expenses of the foreign worker; and
- (b) purchase and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 per every 12-month period.

In addition to the EFMA, an employer of foreign workers is also required to comply with the provisions in the EA, the Immigration Act (Chapter 133) and the regulations issued pursuant to the Immigration Act.

Work Injury Compensation Act

The Work Injury Compensation Act (Chapter 354) (“**WICA**”) applies to all employees in all industries engaged under a contract of service or apprenticeship in respect of injury suffered by them in the course of their employment and sets out, among other things, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The relevant regulatory body is the MOM.

The WICA provides that the employer shall be liable to pay compensation in accordance with the provisions of the WICA if personal injury by accident arising out of and in the course of the employment is caused to an employee, as defined in the WICA.

Employers are required to maintain work injury compensation insurance for all employees, as defined in the WICA, employed by the respective employer (unless exempted).

REGULATORY OVERVIEW

Central Provident Fund Act

The CPF system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act (Chapter 36), an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore by an employer (save for employees who are employed as a master, a seaman or an apprentice in any vessel, unless such employees are Singapore citizens who are employed under certain conditions). CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of employees at the applicable prescribed rates which is dependent on, inter alia, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

Singapore tax law and regulations

Corporate Tax

Corporate taxpayers (whether Singapore tax resident or non-Singapore tax resident) are generally subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore (unless specified conditions for exemption are satisfied). Foreign income in the form of dividends, branch profits and service fee income received or deemed to be received in Singapore by a Singapore tax resident corporate taxpayer may however be exempt from Singapore tax if specified conditions are met.

The prevailing corporate income tax rate is 17% with partial tax exemption for normal chargeable income of up to S\$300,000 as follows:

- (a) 75% exemption of up to the first S\$10,000; and
- (b) 50% exemption of up to the next S\$290,000.

The chargeable income of a company in excess of the first S\$300,000 (after the partial tax exemption) will be fully taxable at the prevailing corporate tax rate.

From the year of assessment 2020, 75.0% of the first S\$10,000 of a company's normal chargeable income and 50% of the next S\$190,000 of its normal chargeable income will be exempt from tax. Any chargeable income that exceeds S\$200,000 will no longer enjoy the partial tax exemption.

Withholding tax and Singapore income tax on dividends

Singapore adopts the one-tier corporate tax system. The tax paid by the Singapore tax resident company is final and the after-tax profits of such company can be distributed to its shareholders as tax exempt (one-tier) dividends. A company is regarded as a tax resident in Singapore for Singapore tax purposes if the control and management of its business are exercised in Singapore.

REGULATORY OVERVIEW

When a Singapore tax resident company pays dividends, the source of such dividends will be considered to be from Singapore. Currently, Singapore does not impose withholding tax on dividends paid to resident or non-resident shareholders.

Goods and services tax

Goods and Services Tax is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 7%.

OVERVIEW OF MALAYSIA LAWS AND REGULATIONS

Business premise licence

The Local Government Act 1976 is an Act which empowers every local authority to make, amend or revoke any by-laws for the government of the local authority area as well as to grant any licence or permit for any trade, occupation or premises and such licence shall be subject to such conditions and restrictions as the local authority may prescribe. Pursuant thereto, the Kuala Lumpur City Hall (“DBKL”) has issued the Licensing of Trade, Business and Industrial (Federal Territory of Kuala Lumpur) By-Law 2016 which provides that any person may use any premise for operating any business activity within the area administered by the DBKL provided a business premise licence has been issued by the DBKL.

Any person who uses any premise for operating any business activity without a business premise licence shall commit an offence and shall, on conviction, be liable to a fine not exceeding MYR2,000 or to imprisonment for a term not exceeding 1 year or to both, and in the case of a continuing offence, to a fine not exceeding MYR200 for each day during which the offence is continued after conviction.

Regulation of advertising practice

Save for the business premise licence, Aactiva Media (M) is not required to obtain any industry-specific licence or permit for carrying out its online marketing business in Malaysia.

There is no comprehensive legislation which regulates the advertising practice in Malaysia. Nonetheless, the advertising industry in Malaysia is monitored by the Advertising Standards Authority (“ASA”), which is an independent body responsible to ensure the execution of a self-regulatory system that is in accordance to the public interest. An advertising agency is required to observe the Malaysian Code of Advertising Practice (“MCAP”) which is administered by the ASA. Whilst the MCAP does not have force of law, failure to observe the MCAP may cause sanctions by the ASA via negative publicity by publishing details of the outcome of investigations it has undertaken and withdrawal of trading privileges by the media.

The general principles of the MCAP are as follows:

- (a) decency — advertisements should not contain statements or visual presentations offensive to the standards of decency prevailing among those who are likely to be exposed to them;
- (b) honesty — advertisements should not be framed so as to abuse the trust of the consumer or exploit his lack of experience or knowledge;

REGULATORY OVERVIEW

- (c) fear — advertisements should not without justifiable reason play on fear;
- (d) superstition — advertisements should not exploit consumers who are superstitious;
- (e) violence — advertisements should not contain anything which might lead or lend support to acts of violence or anti-social behaviour, nor should they appear to condone such acts; and
- (f) illegality — advertisements should not contain anything which might lead or lend support to criminal, illegal or reckless activities, nor should they appear to condone such activities.

Further, there are various legislations regulating the advertising and promotion of products and services, the breach of some of which may result in criminal offences.

Trade Descriptions Act 2011 (“TDA 2011”)

Pursuant to the TDA 2011, no person shall make any false or misleading statement in any advertisement in relation to any goods or services. Whilst there is a presumption of liability on the person who directly or indirectly offers to supply the goods or services and on whose behalf the advertisement is made, in the event such presumption is proven to the contrary and the false or misleading statement is due to the fault of the advertising agency, the advertising agency may be liable for such offence.

However, it shall be a defence for the person charged in any proceedings for an offence committed by reason of publication of an advertisement to prove:

- (a) that he is a person whose business is to publish or arrange for the publication of advertisement;
- (b) he received the advertisement for publication in the ordinary course of business; and
- (c) that he did not know or had no reason to suspect that its publication would amount to an offence under the TDA 2011.

Communications and Multimedia Act 1998 (“CMA 1998”)

The CMA 1998 is an Act which regulates the communication and multimedia markets and activities.

Section 233(2) of the CMA 1998 also provides that a person who knowingly (a) by means of a network service or applications service provides any obscene communication for commercial purposes to any person; or (b) permits a network service or applications service under the person’s control to be used for an activity described in (a) above, commits an offence.

A person who commits an offence under Section 233(2) of the CMA 1998 shall, on conviction, be liable to a fine not exceeding MYR50,000 or to imprisonment for a term not exceeding one year or to both and shall also be liable to a further fine of MYR1,000 for every day during which the offence is continued after conviction.

REGULATORY OVERVIEW

Pursuant to Section 94 of the CMA 1998, the Malaysian Communications and Multimedia Commission (“MCMC”) designated the Communication and Multimedia Content Forum of Malaysia (“CMCF”) as the industry forum for communication and multimedia industry. The CMCF introduced the Malaysian Communications and Multimedia Content Code (“MCMC Code”) and registered the MCMC Code with the MCMC pursuant to Section 95 of the CMA 1998, which *inter alia*, provides for the guidelines on content, specific advertisement code and specific online guidelines.

Whilst the MCMC Code is a voluntary code and compliance is not mandatory (unless otherwise directed by the MCMC), compliance with the MCMC Code is a defence against any prosecution, action or proceeding taken against a person regarding a matter dealt with in the MCMC Code.

Restricted advertising

There are restrictions in the advertising of certain products, services and industries, which are governed by the respective legislations, including the following:

Medicine

The Medicine (Advertisement and Sale) Act 1956 (“**MASA 1956**”) prohibits any person from taking part in the publication of any advertisement relating to certain diseases, abortion and certain skills or services, and advertisement of medicines without the prior approval of the Medicine Advertisements Board. Any person who contravene such provisions shall subject to the MASA 1956, be liable on summary conviction:

- (a) in the case of a first conviction, to a fine not exceeding MYR3,000 or to imprisonment for any term not exceeding one year or to both; and
- (b) in the case of a subsequent conviction, to a fine not exceeding MYR5,000 or to imprisonment for a term not exceeding two years, or to both.

Indecent advertisements and venereal diseases

Pursuant to the Indecent Advertisements Act 1953 (“**IAA 1953**”), any person who affixes to or inscribes on any house, building, wall, hoarding, gate, fence, pillar, post, board, tree or any other thing whatsoever, so as to be visible to a person being in or passing along any public place, or public road, or footpath, and whoever affixes to or inscribes on any public urinal, or delivers or attempts to deliver or exhibits to any inhabitant or to any person being in or passing along any public place, or public road, or footpath, or exhibits to public view in the window of any house or shop, any picture or printed or written matter which is of an indecent or obscene nature, shall, on conviction, be liable to imprisonment for a term not exceeding one month and to a fine not exceeding MYR50. It is also an offence under the IAA 1953 for any person to publish any advertisements relating to venereal disease (means syphilis, gonorrhoea, soft chancre, or lymphogranuloma inguinale), nervous debility, or other complaint or infirmity arising from or relating to sexual intercourse, and any advertisement claiming for any preparation aphrodisiac properties. Any person who contravenes such provisions shall, on conviction, be liable to imprisonment for a term not exceeding one month and to a fine not exceeding MYR50. Section 6 of the IAA 1953 further prohibits advertisement or any public notice or announcement treat or offer to treat any person for venereal disease, or prescribe or offer to prescribe any remedy therefor, or offer to give or give any advice in connection with the treatment thereof. Any person who acts in contravention of Section 6, shall, on conviction, be liable to imprisonment for a term not exceeding one year and to a fine not exceeding MYR500.

REGULATORY OVERVIEW

Obscene objects

Section 292 of the Penal Code provides that any person who:

- (a) sells, lets to hire, distributes, publicly exhibits or in any manner puts into circulation, or for purposes of sale, hire, distribution, public exhibition or circulation makes, produces or has in his possession any obscene book, pamphlet, paper, drawing, painting representation or figure or any other obscene object or document whatsoever;
- (b) imports, exports or conveys any obscene object or document for any of the purposes aforesaid, or knowing or having reason to believe that such object or document will be sold, let to hire, distributed or publicly exhibited or in any manner put into circulation;
- (c) takes part in or receives profits from any business in the course of which he knows or has reason to believe that any such obscene objects or document are for any of the purposes aforesaid, made, produced, purchased, kept, imported, exported, conveyed, publicly exhibited or in any manner put into circulation;
- (d) advertises or makes known by any means whatsoever that any person is engaged or is ready to engage in any act which is an offence under this Section, or that any such obscene object or document can be procured from or through any person; or
- (e) offers, or attempts to do any act which is an offence under Section 292 of the Penal Code,

shall be punished with imprisonment for a term which may extend to three years, or with fine, or with both.

Pesticides

The Pesticides (Advertisement) Regulations 1996 (“**PAR 1996**”) prohibits advertisement on pesticides which are not registered with the Pesticides Board. Further, no person shall advertise a pesticide unless such is approved by the Pesticides Board. Any person who contravenes the PAR 1996 shall commit an offence and is liable, on a first conviction, to imprisonment for six months or to a fine of MYR5,000 and, on a second or subsequent conviction, to imprisonment for one year or to a fine of MYR10,000 or to both.

Food and drinks

Any advertisement relating to food is subject to the provisions under the Food Act 1983 (“**FA 1983**”) and Food Regulations 1985 (“**FR 1985**”). “Food” is defined in the FA 1983 as “includes every article manufactured, sold or represented for use as food or drink for human consumption or which enters into or is used in the composition, preparation, preservation, of any food or drink and includes confectionery, chewing substances and any ingredient of such food, drink, confectionery or chewing substances”. Pursuant to the FA 1983, any person who publishes any advertisement relating or likely to

REGULATORY OVERVIEW

cause any person to believe that it relates to such food, or to any ingredient or constituent thereof, which:

- (a) directly or indirectly qualifies or is inconsistent with or contrary to any particulars required by regulations made under FA 1983 to be marked on or attached to such food or marked on or attached to any package containing such food;
- (b) is prohibited by regulations made under FA 1983 from being marked on or attached to such food or marked on or attached to any package containing such food;
- (c) omits from the name or description of any food any word or words required by regulations made under FA 1983 to be included in the name or description marked on or attached to such food or marked on or attached to any package containing such food; or
- (d) is likely to deceive a purchaser with regard to the character, nature, value, substance, quality, strength, purity, composition, merit or safety, weight, proportion, origin, age or effects of any food or of any ingredient or constituent thereof, commits an offence and is liable on conviction to imprisonment for a term not exceeding three years or to fine or to both.

Further, any person who publishes or causes to be published any advertisement which does not contain a statement setting forth the true name of the person by whom or on whose behalf the advertisement is published and the address of his place of business or residence, commits an offence and is liable on conviction to imprisonment for a term not exceeding three years or to fine or to both.

Tobacco products

The Control of Tobacco Product Regulations 2004 provides that no person shall:

- (a) display or affix, or cause or permit to be displayed or affixed any tobacco product advertisement;
- (b) sell, or cause or permit to be sold any magazine, newspaper, film or video tape or anything that contains tobacco product advertisement;
- (c) distribute, or cause or permit to be distributed any tobacco product advertisement; or
- (d) print, publish or take part in the publication of:
 - (i) a brand name of or trade mark relating to any tobacco product advertisement; or
 - (ii) any pictorial device commonly associated with a brand name of or trade mark relating to any tobacco product advertisement.

Any person who contravenes the same commits an offence and shall on conviction be liable to a fine not exceeding MYR10,000 or to imprisonment for a term not exceeding two years.

Gaming

The Common Gaming Houses Act 1953 provides that any person who promotes gaming in public shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than MYR20,000 and not more than MYR200,000 and shall also be punished with imprisonment for a term not exceeding five years.

Data protection

The Personal Data Protection Act 2010 (“**PDPA 2010**”) came into operation on 15 November 2013. The PDPA 2010 imposes obligations on those who “process” (collecting, recording, holding or storing the personal data or carrying out any operation or set of operations on the personal data) personal data (which includes but is not limited to the personal data of its employees, suppliers and customer) in connection with commercial transactions in Malaysia i.e. a data user. As such, all data users must comply with the PDPA 2010.

Pursuant to Section 5(1) of the PDPA 2010, the personal data protection principles (for the purpose of processing personal data by a data user) are:

- (a) the General Principle;
- (b) the Notice and Choice Principle;
- (c) the Disclosure Principle;
- (d) the Security Principle;
- (e) the Retention Principle;
- (f) the Data Integrity Principle; and
- (g) the Access Principle.

Regulations relating to intellectual property rights

Copyright

The copyright protection in Malaysia is provided for by the Copyright Act 1987 (“**CA 1987**”). There is no requirement for registration in order to acquire copyright protection. Under the CA 1987, the works eligible for copyright are literary works, musical works, artistic works, films, sound recordings, broadcasts, derivative works and published editions.

Copyrights may subsist in the works we create which fall under the categories mentioned above in the course of designing advertising materials.

As Malaysia is a signatory of the Berne Convention for the Protection of Literary and Artistic Works 1886 (“**Berne Convention of Literary Works 1886**”), copyrighted work created in Malaysia would be recognised by each contracting member country of the Berne Convention of Literary Works 1886.

REGULATORY OVERVIEW

Copyright is infringed by:

- (a) any person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under the CA 1987; or
- (b) any person who, without the consent or licence of the owner of the copyright, imports an article into Malaysia for the purpose of:
 - (i) selling, letting for hire, or by way of trade, offering or exposing for sale or hire, the article;
 - (ii) distributing the article for the purpose of trade or for any other purpose to an extent that it will affect prejudicially the owner of the copyright; or
- (c) by way of trade, exhibiting the article in public,

where he knows or ought reasonably to know that the making of the article was carried out without the consent or licence of the owner of the copyright.

Employment laws

The terms of an individual's employment are governed by their employment contract (which may include terms implied through dealings between the employer and the employee, terms incorporated from other documents such as employee manuals and collected agreements), statutes and statutory instruments.

For an employee whose monthly salary does not exceed MYR2,000 or an employee engaging in work such as manual labour or domestic servant irrespective of his wage, the minimum protection given by the Employment Act 1955 (“**EA 1955**”) will apply to the employment contract. The EA 1955 provides for the statutory requirements and standards in relation to, inter alia, employees' working hours, overtime payment, leave, public holidays, termination and benefits for layoffs. Where there is any inconsistency between the terms of an employment contract and the provisions of the legislation, the employee would be entitled to the more favourable treatment.

The relevant legal framework and procedures relating to employees and/or former employees who have been unfairly dismissed and/or constructively dismissed by employers is set out in the Industrial Relations Act 1967 (“**IRA 1967**”). The IRA 1967 provides an avenue for employees to seek redress by bringing matters to the Industrial Court of Malaysia, which has jurisdiction over matters relating to industrial relation matters. In general, former employees who claim to have been unfairly and/or unlawfully dismissed by an employer may seek reinstatement to their position or compensation in lieu of reinstatement and backwages for a maximum of up to 24 months of their last-drawn salary.

The Minimum Wages Order 2018 (“**MWO 2018**”) provides that an employee shall be paid an average minimum wage of not less than MYR1,100 per month. In relation to an employee who is not paid basic wages but is paid wages based only on piece rate, tonnage, task, trip or commission, the rate of monthly wages payable to the employee shall not be less than MYR1,100 per month. The MWO 2018 was made pursuant to the National Wages Consultative Council Act 2011 (“**NWCCA**”) and any party which fails to comply with the order, if convicted, can be fined up to MYR10,000 for each offence and MYR1,000 per day for a continuing offence under NWCCA.

REGULATORY OVERVIEW

The Employees' Provident Fund Act 1991 requires all employers to pay monthly contributions to the Employees' Provident Fund at minimum rates of 13% (for employees earning MYR5,000 and below) and 12% (for employees earning more than MYR5,000) of an employee's monthly wages and all employees are required to pay monthly contributions to the Employees' Provident Fund at minimum rate of 11% of their monthly wages. Both employers and employees are encouraged to contribute at a rate higher than this mandatory contribution. Employers are required to continue contributing to the Employees' Provident Fund for employees until they have attained the age of 60 years.

The rate of contribution by the employees (Malaysian citizens, permanent residents or non-Malaysian citizens who have elected to contribute before 1 August 1998) who have attained the age of 60 years, shall be calculated at 5.5% from the amount of wages for the month, and the rate of contribution by the employer is 6% from the amount of wages for the month.

The Employment Injury Insurance Scheme and Invalidity Pension Scheme are administered by the Social Security Organisation under the Employees' Social Security Act 1969 ("**ESSA 1969**"). The schemes cover only Malaysian workers and permanent residents. All employees in industries to which ESSA 1969 applies shall be insured under the schemes irrespective of the amount of wages.

The contributions fall into the following two categories, namely:

- (a) the contributions of the first category, being the contributions payable by or on behalf of the employees insured against the contingencies of invalidity and employment injury; and
- (b) the contributions of the second category, being the contributions payable by or on behalf of employees insured only against the contingency of employment injury.

The principal employer shall make a monthly contribution of the various categories according to the rates specified under the ESSA 1969. Such contributions should be made from the first month the employee is employed.

Further, the Employment Insurance System Act 2017 ("**EIS 2017**") introduces the employment insurance system which is also administered by the Social Security Organisation, which provides financial assistance to the employee in the event of loss of employment, other than by reason of:

- (a) the voluntary resignation by the insured person;
- (b) the expiry of the contract of service of the insured person;
- (c) termination of the contract of service by mutual consent of the employer and the insured person without terms and conditions;
- (d) completion of the work in accordance with the terms of the contract of service;
- (e) the retirement of the insured person; or
- (f) the termination of contract of service of the insured person due to misconduct.

Pursuant to the EIS 2017, both the employer and employee shall make equal contributions towards the Employment Insurance Fund. Depending on the wages, the employer and employee shall each contribute from MYR0.05 for wages up to MYR30 per month to MYR7.90 for wages exceeding MYR4,000.

Occupational safety and health

Pursuant to the Occupational Safety and Health Act 1994 (“**OSHA 1994**”), every employer has an obligation to secure the safety, health and welfare of its employee and to protect other persons at its place of work against risks to safety or health arising out of the activities of its employees.

The measures required to be undertaken under OSHA 1994 include providing and maintaining a working environment for its employees that is, so far as is practicable, without risks to health, and adequate as regards facilities for their welfare at work. Employers are also required to provide information, instruction, training and supervision as it is necessary to ensure, so far as is practicable, the safety and health at work of the employees.

Under Section 16 of OSHA 1994, every employer has a duty to formulate and as often as may be appropriate revise a written statement of its general policy with respect to the safety and health at work of the employees and the organisation, as well as the arrangements for the time being in force for carrying out such policy, and to bring the statement and any revision of it to the notice of all the employees. Any person who contravenes Section 16 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding MYR50,000 or to imprisonment for a term not exceeding 2 years or both.

Malaysia tax law and regulations

Corporate tax

The standard corporate tax rate is 24%, while the rate for resident small and medium sized companies (i.e. companies incorporated in Malaysia with paid-up capital of MYR2.5 million or less and that are not part of a group containing a company exceeding this capitalisation threshold) is 18% on the first MYR500,000, with the balance being taxed at the 24% rate. For the year of assessment 2019, the rate for resident small and medium sized companies is reduced to 17% on the first MYR500,000, whilst the rate for the remaining chargeable income is at 24%. For years of assessment 2017 and 2018, companies are eligible for a reduction of between 1% and 4% on the standard tax rate for a portion of their income if there is an increase of 5% or more in the company’s chargeable income from a business, compared to the immediately preceding year of assessment. The reduction in the tax rate will apply to the portion of chargeable income representing the increase.

Income Tax Act 1967 (“ITA 1967”)

The ITA 1967 imposes a tax, known as income tax, for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia. A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia. The management and control of the company is considered to be exercised where the directors meet to conduct the company’s businesses and affairs irrespective of where the company might be incorporated. If at any time during the basis year for a year of assessment at least one meeting of the board of directors is held in Malaysia concerning the management and control of the company, even though all other meetings are held outside Malaysia, then the company is resident in Malaysia for that basis year.

REGULATORY OVERVIEW

The ITA 1967 provides that any person who wilfully and with intent to evade or assist any other person to evade tax shall be guilty of an offence and shall on conviction be liable to a fine of not less than MYR1,000 and not more than MYR20,000 or to imprisonment for a term not exceeding three years, or to both and shall pay a special penalty of treble the amount of tax which has been undercharged in consequence of the offence or which would have been undercharged if the offence had not been detected.

The ITA 1967 further provides that any person who makes an incorrect tax return by omitting or understating any income of which he is required to make a return on behalf of himself or another person or gives any incorrect information in relation to any matter affecting his own chargeability to tax or the chargeability of tax of any other person, shall, unless he satisfies the court that the incorrect return or incorrect information was made or given in good faith, be guilty of an offence and shall on conviction be liable to a fine of not less than MYR1,000 and not more than MYR10,000 and shall pay a special penalty of double the amount of tax which has been undercharged in consequence of the incorrect return or incorrect information or which would have been undercharged if the return or information had been accepted as correct.

Withholding tax

The ITA 1967 provides that where a person is liable to make certain types of payment to a non-resident person, including, *inter alia*, the following:

- (a) contract payment;
- (b) interests and royalties in certain cases; and
- (c) special classes of income as follows:
 - (i) services fees in connection with the use of property or rights belonging to, or the installation or operation of any plant, machinery or other apparatus purchased from, such non-resident;
 - (ii) fees for technical advice, assistance or services rendered in connection with technical management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme; and
 - (iii) fees for rent or other payments made under any agreement or arrangement for the use of any moveable property,

he shall deduct withholding tax at the prescribed rate from such payment and (whether or not that tax is so deducted) shall within one month after paying or crediting such payment render an account and pay the amount of that tax to the Director General of Inland Revenue of Malaysia.

REGULATORY OVERVIEW

In addition, the ITA 1967 states that where a person fails to pay any withholding tax due from him, that amount which he fails to pay shall be increased by a sum equal to 10% of the amount which he fails to pay and that amount and the increased sum shall be a debt due from him to the Malaysian Government and shall be payable forthwith to the Director General of Inland Revenue of Malaysia.

However, it should be noted that save and except for the restriction imposed under Section 131 of the Companies Act 2016 whereby a company may only make a distribution to the shareholders out of profits of the company if the company is solvent; and the restriction on the repatriation of profits as set out below, as at the Latest Practicable Date, Malaysia did not impose restrictions or withholding tax on the dividend payments from Malaysian companies.

Goods and services tax/sales tax and service tax

With effect from 1 April 2015, the Goods and Services Tax (“GST”) was implemented in Malaysia at a rate of 6% pursuant to the Goods and Services Tax Act 2014 (“GST 2014”). The rate was then reduced to 0% with effect from 1 June 2018 pursuant to Goods and Services Tax (Rate of Tax) (Amendment) Order 2018. GST is chargeable on all taxable supply of goods or services that are made by a taxable person in the course or furtherance of a business in Malaysia, and is also charged on the importation of goods or services into Malaysia.

A “taxable person” is a person who makes taxable supplies in Malaysia that has an annual turnover exceeding MYR500,000. A taxable person is required to be registered for GST purposes.

Generally, supply for GST purposes covers all forms of supply of goods and services in return for consideration, whether monetary or in kind. A taxable supply may either be standard rated or zero-rated. Standard rated supplies are goods or services supplied by businesses that are subject to GST at the standard rate of 6% unless prescribed as zero-rated or exempt. Zero-rated supplies are goods or services supplied by businesses that are subject to a GST rate of 0%. Exempt supplies are goods or services supplied by businesses that are not subject to GST.

The Parliament of Malaysia has on 7 August 2018 and 8 August 2018 passed the Sales Tax Bill 2018 and the Service Tax Bill 2018 respectively, both of which have become effective on 1 September 2018. The GST 2014 was subsequently repealed pursuant to Section 3 of the Goods and Services Tax (Repeal) Act 2018.

The sales tax and the service tax are single stage taxes, meaning that taxes are only imposed at one stage in the supply chain. Sales tax is charged and levied on all taxable goods, manufactured in Malaysia by a registered manufacturer and sold, used or disposed of by him; or imported into Malaysia by any person at the rates of 5% and 10%, respectively. The amount of sales tax payable shall be collected by the registered manufacturer. Goods that are exempted from sales tax are listed under the Sales Tax (Goods Exempted from Tax) Order 2018. Service tax, on the other hand, is charged and levied on any taxable services provided in Malaysia by a registered person in carrying on his business and is fixed at a rate of 6%.

Exchange control

Repatriation of profits

Under the current Malaysian foreign exchange control policies, non-residents of Malaysia are free to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia, however such repatriation must be made in foreign currency.

Financial Services Act 2013 (“FSA”)

The FSA prohibits certain conduct in the money market and foreign exchange market. Pursuant to Section 141(1) of the FSA, no person shall:

- (a) take part in or carry out a transaction that has or is likely to have the effect of creating a rate which is an off-market rate which results in an artificial rate for dealing in financial instruments in the money market or foreign exchange market;
- (b) create, or cause to be created, or do anything that is calculated to create, a false or misleading appearance of active dealing in financial instruments in the money market or foreign exchange market;
- (c) make a statement, or disseminate information that is false or misleading in a material particular and is likely to induce another person to deal in financial instruments or is likely to have the effect of raising, lowering, maintaining or stabilising the market rate of such financial instruments in the money market or foreign exchange market and when the person makes the statement, or disseminates the information:
 - (i) the person does not exercise due care whether the statement or information is true or false; or
 - (ii) the person knows, or ought reasonably to have known, the statement or information is false or is materially misleading;
- (d) take part in or carry out a transaction based on information that is not generally available to persons who regularly deals in the money market or foreign exchange market that would, or would tend to, have a material effect on the price or value of financial instruments; or
- (e) engage in any other conduct relating to money market or foreign exchange market as may be prescribed by the Finance Minister, on the recommendation of the Central Bank of Malaysia.

Any person who contravenes Section 141(1) of the FSA commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding ten years or to a fine not exceeding MYR50 million or to both.

HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT OF OUR GROUP

In June 2005, Activa Media (S) was established in Singapore with the Teo family's resources to realise the vision of Ms. L. Teo, our Chairlady, executive Director and chief executive officer — to build web presence for businesses and help them reach out to their potential customers via online platforms. Over the years, our coverage expanded to include Malaysia and we have established ourselves as a multi-award winning group serving over 900 active clients during the Track Record Period mainly in the professional services, general services as well as automotive and industrial sectors.

Being an early participant in the online marketing industry in Singapore, we are one of the first authorised resellers in Singapore for Google, which awarded us the “Excellence Performance Award” as early as 2006 and more recently, the “Mobile Innovation Award” in 2018, to name but a few. During our close to 14 years of operations, we have sought to broaden and adapt our suite of services to match advertisers' evolving needs stemming from the rising penetration of the Internet and the increasing prevalence of smartphone devices and have progressed from setting up clients' initial web presence primarily targeted for desktop browsing to a one-stop online marketing service industry leader in Singapore assisting our clients on their multi-channel marketing strategies covering media such as search engine listings and social media marketing, etc.

Key milestones of our Group

The following table sets forth the major milestones of our Group's development:

Year	Milestones
2005	Activa Media (S) was established to help SMEs build their web presence
2006	We were one of the first authorised resellers of Google in Singapore and received the “AdWords Authorised Reseller — Excellence Performance Award” from Google
2009	We established Activa Media (M) to expand our operations to Malaysia
2010	We were recognised as a “Promising Brand” in the Singapore Prestige Brand Award
2013	We received the “Highest Customer Satisfaction Award” in the Google Premier SME Partner Award (Southeast Asia)
2014	We established Activa Media Consultancy to publish INSIDE and to focus on website development and hosting
2015	We were named “Digital Marketing Agency of the Year” in Marketing Magazine's Agency of the Year Awards and recognised as an “Established Brand” in the Singapore Prestige Brand Award. We also obtained the “Highest AdWords Performance Satisfaction, Southeast Asia” and the “Highest Customer Service Satisfaction, Southeast Asia” in the Google Premier SME Partner Awards

HISTORY, REORGANISATION AND GROUP STRUCTURE

Year	Milestones
2017	We obtained the “Display Innovation Award” in the Google Premier Partner Awards, Southeast Asia
2018	We obtained the “Mobile Innovation Award” in the Google Premier Partner Awards, Southeast Asia

CORPORATE HISTORY

As at the Latest Practicable Date, our Group comprised our Company, Activa (BVI), Activa Media (S), Activa Media Consultancy and Activa Media (M). The following is a brief corporate history of the establishment and major changes in the shareholdings of our Company and our subsidiaries during the Track Record Period.

Our Company

For the purposes of the Listing, our Company was incorporated on 7 December 2017 in the Cayman Islands under the Companies Law as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. Upon our incorporation, one nil-paid initial Share (“**Subscriber Share**”) was allotted and issued to the nominee of Conyers Trust Company (Cayman) Limited. On the same day, the Subscriber Share was transferred to Activa Media Investment. As a result, our Company became a wholly-owned subsidiary of Activa Media Investment.

On 3 June 2019, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 comprising 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares which rank *pari passu* in all respects with the existing Shares. For details of changes in the share capital of our Group, please refer to the paragraph headed “Further information about our Group — 2. Changes in the share capital of our Company” in Appendix V to this prospectus.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 13 June 2018.

As a result of the Reorganisation, our Company has become the ultimate holding company of our Group. For further details of such transfers, please refer to the paragraph headed “Reorganisation” in this section.

Activa (BVI)

On 8 November 2017, Activa (BVI) was incorporated in the BVI with limited liability. Activa (BVI) is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00, of which one share of US\$1.00 was allotted and issued to Activa Media Investment for cash and at par on 17 November 2017. As a result, Activa (BVI) became a wholly-owned subsidiary of Activa Media Investment. Following the Reorganisation, Activa (BVI) became a direct wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Activa Media (S)

On 22 June 2005, Activa Media (S) was incorporated as a private limited company in Singapore with its principal activity being advertising activities and other personal service activities. Upon incorporation, Activa Media (S) was owned 100% by Mr. L.B. Teo (holding one ordinary share with a paid-up share capital of S\$1.00).

On 24 October 2005, a further 19,999 ordinary shares were allotted and issued to Mr. L.B. Teo for the paid-up share capital of S\$1.00 per share.

On 17 January 2013, Mr. L.B. Teo transferred 10,000 ordinary shares to Ms. L. Teo for a consideration of S\$1,000 and 10,000 ordinary shares to Mr. V. Teo for a consideration of S\$1,000. On the same date, a further 90,000 ordinary shares were allotted and issued to Ms. L. Teo for the paid-up share capital of S\$1.00 per share and a further 90,000 ordinary shares were allotted and issued to Mr. V. Teo for the paid-up share capital of S\$1.00 per share.

From 17 January 2013 and up to immediately prior to the Reorganisation, Activa Media (S) has been owned 50% by Ms. L. Teo and 50% by Mr. V. Teo.

Following the Reorganisation, Activa Media (S) became an indirect wholly-owned subsidiary of our Company held through our Company's direct wholly-owned subsidiary Activa (BVI).

Activa Media (M)

On 21 October 2009, Activa Media (M) was incorporated in Malaysia with limited liability and its principal activity is the provision of search engine, online marketing consultancy and display advertising services as a media agency. On incorporation, Activa Media (M) had an authorised share capital of MYR100,000 divided into 100,000 ordinary shares of par value of MYR1.00 each, of which 60 shares, 20 shares, 10 shares and 10 shares were allotted and issued to Ms. L. Teo, Chua Yang Peng, Lee Horng Jye and Chang Mei Jung respectively, at par value per share.

On 18 February 2011, Lee Horng Jye transferred one share to Liaw Shu Ping and nine shares to Ms. L. Teo for cash at par value respectively. On the same date, Chang Mei Jung transferred one share and nine shares to Wang Lee Yin and Ms. L. Teo respectively for cash at par value.

On 20 October 2011, Liaw Shu Ping transferred one share to Tham Hon Seng at a cash consideration of MYR1.00 of which Tham Hon Seng subsequently transferred the same to Wong Wan Ping (a member of our senior management) for the same consideration on 22 May 2012. Pursuant to a declaration of trust dated 26 March 2018, Wong Wan Ping declared that the one share held by her was held on trust for Ms. L. Teo effective from 22 May 2012.

On 29 August 2012, Wang Lee Yin transferred one share to Lim Wai Mun (an employee of Activa Media (M)) at a cash consideration of MYR1.00. Pursuant to a declaration of trust dated 28 March 2018, Lim Wai Mun declared that the one share held by her was held on trust for Mr. V. Teo effective from 29 August 2012.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 23 October 2012, Chua Yang Peng transferred 20 shares to Ms. L. Teo for cash at par value. Pursuant to a declaration of trust dated 26 March 2018, Ms. L. Teo declared that 50% of the interest of shares held by her in Activa Media (M) were held on trust for Mr. V. Teo effective from 21 October 2009.

Save for Ms. L. Teo and Mr. V. Teo, all former shareholders of Activa Media (M) are Independent Third Parties.

Following the Reorganisation, Activa Media (M) became an indirect wholly-owned subsidiary of our Company held through our Company's direct wholly-owned subsidiary Activa (BVI).

Activa Media Consultancy

On 1 April 2014, Activa Media Consultancy was incorporated as a private limited company in Singapore with its principal activity being the provision of business and management consultancy services. Upon incorporation and up to immediately prior to the Reorganisation, Activa Media Consultancy has been owned 50% by Ms. L. Teo (holding 10,000 ordinary shares with a paid-up capital of S\$1.00 per share) and 50% by Mr. V. Teo (holding 10,000 ordinary shares with a paid-up capital of S\$1.00 per share).

Following the Reorganisation, Activa Media Consultancy became an indirect wholly-owned subsidiary of our Company held through our Company's direct wholly-owned subsidiary Activa (BVI).

REORGANISATION

In preparation for the Listing, our Group has undergone the Reorganisation whereupon our Company became the holding company and the listing vehicle of our Group and our operating subsidiaries were transferred to Activa (BVI), which is a direct wholly-owned subsidiary of our Company.

The principal steps of the Reorganisation are as follows:

Incorporation of Activa (BVI)

On 8 November 2017, Activa (BVI) was incorporated in the BVI as a limited liability company and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 17 November 2017, Activa (BVI) allotted and issued one share to Activa Media Investment for cash at par.

Transfer of Activa Media (S) to Activa (BVI)

Pursuant to a reorganisation agreement dated 31 March 2018 entered into between Ms. L. Teo, Mr. V. Teo, Activa (BVI) and Activa Media Investment, Ms. L. Teo and Mr. V. Teo transferred their entire shareholding interest in Activa Media (S) to Activa (BVI) in consideration of (i) Activa (BVI) allotting and issuing one share to Ms. L. Teo and Mr. V. Teo's nominee, Activa Media Investment, credited as fully paid; and (ii) Activa Media Investment allotting and issuing one share to each of Ms. L. Teo and Mr. V. Teo, credited as fully paid.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Transfer of Activa Media Consultancy to Activa (BVI)

Pursuant to a reorganisation agreement dated 31 March 2018 entered into between Ms. L. Teo, Mr. V. Teo, Activa (BVI) and Activa Media Investment, Ms. L. Teo and Mr. V. Teo transferred their entire shareholding interest in Activa Media Consultancy to Activa (BVI) in consideration of (i) Activa (BVI) allotting and issuing one share to Ms. L. Teo and Mr. V. Teo's nominee, Activa Media Investment, credited as fully paid; and (ii) Activa Media Investment allotting and issuing one share to each of Ms. L. Teo and Mr. V. Teo, credited as fully paid.

Transfer of Activa Media (M) to Activa (BVI)

Pursuant to a share sale agreement dated 31 March 2018 entered into between Ms. L. Teo, Mr. V. Teo, Ms. Wong Wan Ping, Ms. Lim Wai Mun, Activa (BVI) and Activa Media Investment, Ms. L. Teo, Ms. Wong Wan Ping and Ms. Lim Wai Mun transferred their 98%, 1% and 1% respective legal interest in Activa Media (M), and Ms. L. Teo and Mr. V. Teo transferred their respective 50% beneficial interest in Activa Media (M), to Activa (BVI). The consideration for all the transfers was settled by (i) Activa (BVI) allotting and issuing one share to Ms. L. Teo and Mr. V. Teo's nominee, Activa Media Investment, credited as fully paid; and (ii) Activa Media Investment allotting and issuing one share to each of Ms. L. Teo and Mr. V. Teo, credited as fully paid.

Transfer of Activa (BVI) to our Company

Pursuant to a sale and purchase agreement dated 3 June 2019 entered into between Ms. L. Teo, Mr. V. Teo, Activa Media Investment and our Company, Activa Media Investment transferred its entire shareholding interest in Activa (BVI) to our Company in consideration of (i) our Company allotting and issuing 99 Shares to Activa Media Investment, credited as fully paid; and (ii) crediting as fully paid the initial Subscriber Share held by Activa Media Investment.

Upon completion of the Reorganisation but before the Share Offer and the Capitalisation Issue (and not taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted pursuant to the Share Option Scheme), the entire issued share capital of our Company would be held by Activa Media Investment, which is owned by Ms. L. Teo and Mr. V. Teo in equal shares.

Based on the foregoing arrangements as agreed by the parties, the acquisition of Activa Media (S), Activa Media Consultancy, Activa Media (M) and Activa (BVI) by our Company was properly and legally completed and settled. Our Directors confirmed that the Reorganisation would not require any approval or permit from any relevant government authorities in Hong Kong, the BVI, the Cayman Islands, Malaysia or Singapore. Further, our Directors confirmed that there are no conditions attached to any of our licences or permits that would require approval or consent from the relevant regulatory authorities to be obtained, failing which the Reorganisation would result in a cancellation, revocation or withdrawal of any such licence or permit.

HISTORY, REORGANISATION AND GROUP STRUCTURE

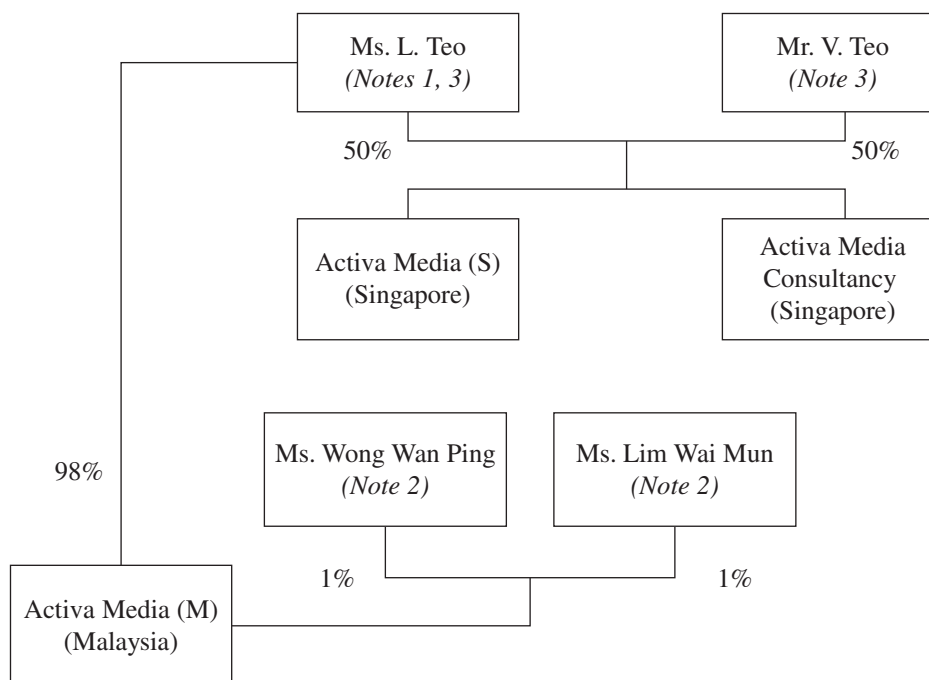
CAPITALISATION ISSUE AND THE SHARE OFFER

Conditional upon the crediting of our Company's share premium account as a result of the issue of the new Shares pursuant to the Share Offer, an amount of HK\$5,999,999 standing to the credit of the share premium account of our Company will be capitalised by applying such sum towards paying up in full at par a total of 599,999,900 new Shares for allotment and issue to the then existing Shareholders registered as such at the close of business on 3 June 2019.

SHAREHOLDING STRUCTURE OF OUR GROUP

The following charts illustrate our shareholding structure (1) immediately before the Reorganisation; (2) immediately after the Reorganisation (but before the Share Offer and the Capitalisation Issue and without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme); and (3) immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme):

The shareholding structure of our Group immediately before the Reorganisation is set out below:

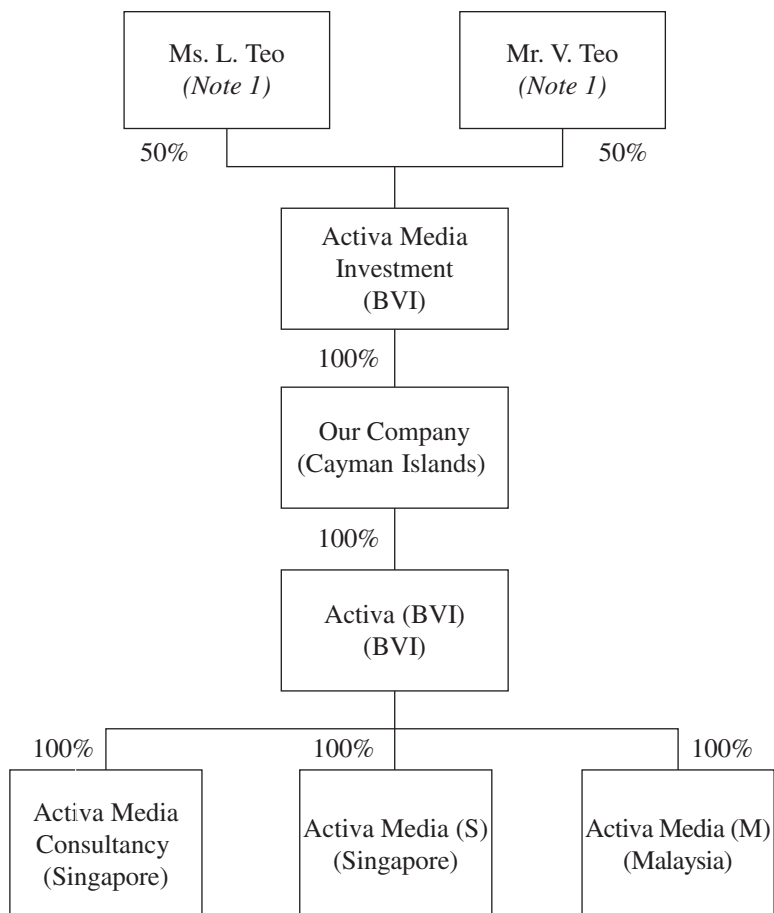


Notes:

1. Ms. L. Teo holds 49% of her 98% interest in Activa Media (M) on trust for Mr. V. Teo.
2. These interests held by Ms. Wong Wan Ping and Ms. Lim Wai Mun are on trust as to 1% for Ms. L. Teo and 1% for Mr. V. Teo, respectively.
3. Ms. L. Teo and Mr. V. Teo are siblings. Ms. L. Teo and Mr. V. Teo are a group of Controlling Shareholders during the Track Record Period and will continue to act as such upon Listing and until the Controlling Shareholders' Confirmation is terminated in writing. Please refer to the section headed "Relationship with our Controlling Shareholders — Controlling Shareholders' Confirmation" of this prospectus for further details.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The shareholding structure of our Group immediately after the Reorganisation (but before the Share Offer and the Capitalisation Issue and without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme) is set out below:

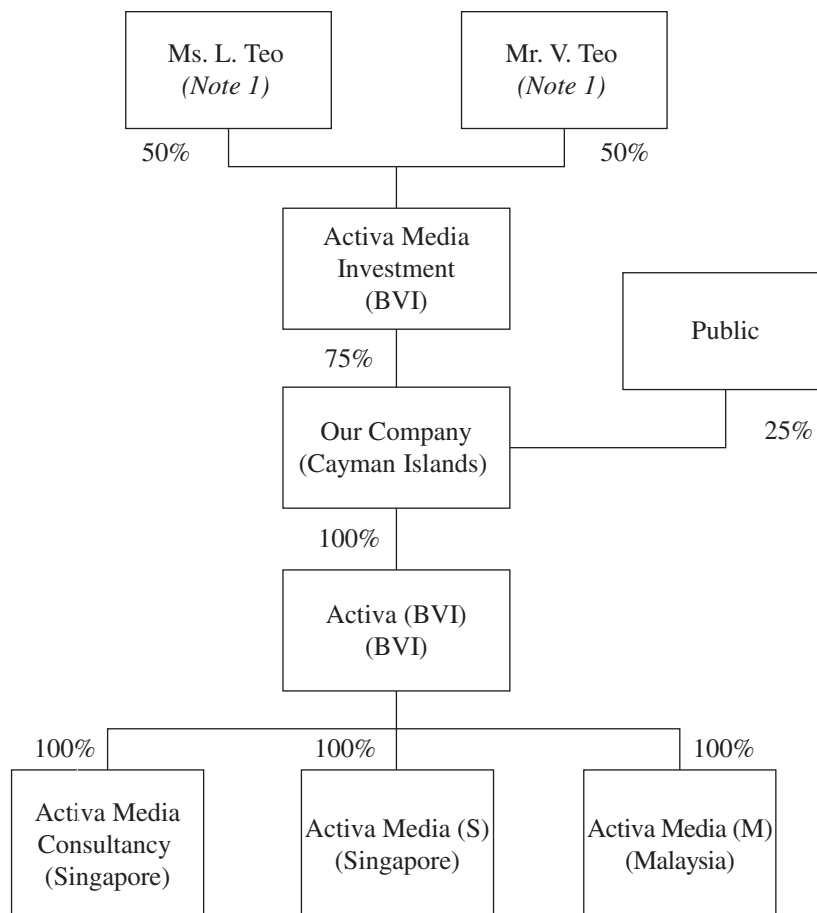


Note:

1. Ms. L. Teo and Mr. V. Teo are siblings. Ms. L. Teo and Mr. V. Teo are a group of Controlling Shareholders during the Track Record Period and will continue to act as such upon Listing and until the Controlling Shareholders' Confirmation is terminated in writing. Please refer to the section headed "Relationship with our Controlling Shareholders — Controlling Shareholders' Confirmation" of this prospectus for further details.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The shareholding structure of our Group immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme) is set out below:



Note:

1. Ms. L. Teo and Mr. V. Teo are siblings. Ms. L. Teo and Mr. V. Teo are a group of Controlling Shareholders during the Track Record Period and will continue to act as such upon Listing and until the Controlling Shareholders' Confirmation is terminated in writing. Please refer to the section headed "Relationship with our Controlling Shareholders — Controlling Shareholders' Confirmation" of this prospectus for further details.

BUSINESS

1. OVERVIEW

We, as one of the earliest participants in the provision of online marketing services in Singapore, have been helping businesses build web presence and reach out to potential customers via online platforms since June 2005. During the Track Record Period, we served a wide spectrum of advertisers across various business sectors, including professional services, general services as well as automotive and industrial, to name but a few, in Singapore and Malaysia. According to the Frost & Sullivan Report, we ranked first among all online marketing service providers with a market share of approximately 7.2% of the online marketing industry in Singapore in FY2018, and approximately 1.7% market share of the overall marketing industry in Singapore in FY2018.

During the Track Record Period, our search engine marketing services accounted for approximately 82.5%, 85.8%, 83.0% and 85.0% of our total revenue for FY2016, FY2017, FY2018 and 6M FY2019, respectively. Our services are generally divided into the following three categories:

Services	Description	Media involved	Revenue generated (Note)
Search engine marketing services	We promote clients' websites by increasing their visibility in search engine results pages through keyword purchasing. Clients can choose to display their results in multiple formats to a range of audiences across the globe using a wide variety of targeting methods	Search engines and websites	<p>FY2016: S\$14.2 million (82.5% of total revenue)</p> <p>FY2017: S\$17.8 million (85.8% of total revenue)</p> <p>FY2018: S\$22.0 million (83.0% of total revenue)</p> <p>6M FY2018: S\$10.8 million (85.9% of total revenue)</p> <p>6M FY2019: S\$11.9 million (85.0% of total revenue)</p>
Creative and technology services	<p>(i) Search engine optimisation which helps clients improve their website rankings, drive traffic and increase awareness by focusing on growing visibility in organic search results;</p> <p>(ii) Website development and hosting which involves website design, content development based on clients' scripting, network security configuration and hosting; and</p> <p>(iii) Other services such as listing in directories and/or magazine coverage</p>	Search engines, websites and magazines	<p>FY2016: S\$3.0 million (17.2% of total revenue)</p> <p>FY2017: S\$2.6 million (12.8% of total revenue)</p> <p>FY2018: S\$3.8 million (14.2% of total revenue)</p> <p>6M FY2018: S\$1.4 million (11.3% of total revenue)</p> <p>6M FY2019: S\$1.7 million (12.0% of total revenue)</p>

BUSINESS

Services	Description	Media involved	Revenue generated (<i>Note</i>)
Social media marketing services	We achieve our clients' branding objectives through creating and sharing of relevant content as well as engagement of advertisement campaigns on social media platforms to gain traffic and attention	Social media platforms and websites	FY2016: S\$50,000 (0.3% of total revenue) FY2017: S\$301,000 (1.4% of total revenue) FY2018: S\$735,000 (2.8% of total revenue) 6M FY2018: S\$354,000 (2.8% of total revenue) 6M FY2019: S\$417,000 (3.0% of total revenue)

Note: All figures are rounded to one decimal place.

In order to formulate and deliver effective marketing campaigns for our clients, our business model focuses on:

- (i) acquiring in-depth knowledge of our clients' industry sectors;
- (ii) keeping ourselves abreast of the latest market offerings; and
- (iii) clear and transparent reporting so that clients are well informed of the results of the campaigns.

Going forward, with total online marketing expenditure in Singapore and Malaysia expected to grow at a CAGR of 6.7% and 7.7%, respectively, from 2018 to 2023 pursuant to the Frost & Sullivan Report, we expect a growth in demand for online marketing and we intend to leverage on our established reputation and knowledge base to capture opportunities arising therefrom. We intend to continue with our existing business model and to expand our client base, enhance the scalability of our search engine marketing services and to acquire in-depth knowledge of our clients' industry sectors by strengthening our technological infrastructure to increase our market share, raise our productivity and to better serve our clients. Please refer to the paragraph headed "3. Business strategies" in this section and the section headed "Future plans and use of proceeds" of this prospectus for more details on our expansion plans.

2. COMPETITIVE STRENGTHS

Proven track record of formulating and executing effective marketing campaigns

As one of the earliest participants in online marketing in Singapore, we have accumulated from our close to 14 years of operations a knowledge base across a wide spectrum of industry sectors, including professional services such as the medical and legal sectors as well as automotive and industrial covering sectors such as heavy equipment manufacturing. With an extensive database as well as our continuous efforts to keep abreast of the latest market offerings, we have

been able to formulate and execute effective marketing campaigns for advertisers as endorsed by the multiple accolades acquired by our Group over the years, including the highest AdWords performance satisfaction award and the highest customer service satisfaction award in Southeast Asia from Google in 2015.

We believe our ability to formulate and execute effective marketing campaigns is one of our key strengths that distinguishes us from our competitors and intend to further strengthen such competitive advantage through developing our own technology platforms. As further elaborated under the section headed “Future plans and use of proceeds” of this prospectus, our Directors believe that these platforms could expand our market share; enhance our productivity and capacity through automating part of our campaign planning, execution and reporting for our search engine marketing services; and help us acquire in-depth knowledge of our clients’ industry sectors which assists us in pitching new clients, up-selling our online marketing services as well as to formulate and execute effective marketing campaigns.

Broad and solid client base with high retention rate and long established relationship with suppliers

During the Track Record Period, we served over 900 active clients in each of FY2016, FY2017, FY2018 and 6M FY2019 and over 76.0% of these clients were our repeated clients. Such a broad and solid client base is in itself self-evident of our service quality and serves as a fortifying factor of our relationships with our suppliers, in particular, our largest supplier during the Track Record Period, which is one of the key global players spearheading advancements in online marketing. In this respect, we had been the authorised reseller of our largest supplier since 2006 and its premier reseller since 2013 and through this strong strategic partnership, we have access to the latest industry trends, online marketing insights, technology and market statistics, and we are able to keep ourselves abreast of the latest online marketing services on offer and the online marketing trends on a regular and timely basis. This is of particular value given the rapid evolving nature of our industry. Going forward, in addition to proactive maintenance and strengthening of our existing business relationships, we shall continue to seek for collaboration opportunities with online platforms with effective reach and usage in the markets that we operate.

Experienced management team with consistent management culture

We are led by our executive Directors, namely Ms. L. Teo and Mr. V. Teo, each of whom has accumulated close to 14 years of experience in the online marketing service industry since the founding of our Group, and they are supported by a senior management team who collectively possesses expertise across online marketing, sales, client relationship management, corporate affairs and financial control. For more information with regards to our Directors and senior management, please refer to the section headed “Directors and senior management” of this prospectus. Moreover, all our client-facing senior management are groomed internally, enabling us to maintain a consistent management culture — a commitment towards personal development of our staff, which in turn enables us to maintain our service quality as we continue to expand. Further information on the staff development and training we provide to our employees is set out in the paragraph headed “11. Quality assurance — Staff development” in this section.

3. BUSINESS STRATEGIES

According to the Frost & Sullivan Report, total online marketing expenditure in Singapore was approximately US\$386.5 million in 2017, and is expected to grow at a CAGR of 6.7% reaching US\$564.0 million in 2023; whereas in Malaysia, total online marketing expenditure was approximately US\$259.4 million in 2017, and is expected to grow at a CAGR of 7.7% reaching US\$403.9 million in 2023. To capture these growth opportunities, we aim to further strengthen our market position and expand our business with the following strategies:

Increasing our presence geographically as well as diversifying into high potential industry sectors

During the Track Record Period and up to the Latest Practicable Date, we headquartered in Singapore and operated a sales office in Kuala Lumpur, Malaysia. Whilst Singapore was the main revenue contributor during the Track Record Period, Malaysia recorded a phenomenal growth rate with revenue attributable to our Malaysia-based clients increasing year-on-year/period-on-period by (i) approximately 77.0% from approximately S\$0.9 million for FY2016 to approximately S\$1.6 million for FY2017; (ii) approximately 96.3% from approximately S\$1.6 million for FY2017 to approximately S\$3.1 million for FY2018; and (iii) approximately 62.8% from approximately S\$1.5 million for 6M FY2018 to approximately S\$2.4 million for 6M FY2019.

We intend to further expand our business by utilising part of the net proceeds of the Share Offer to increase our presence in Malaysia. In this regard, we intend to establish a sales office in Johor Bahru, which is the third largest city in Malaysia with one of the highest economic growth. During the Track Record Period, we had been missing out on numerous enquiries from potential new clients based in Johor Bahru which require our services. These clients often require face to face meetings which are not easily achievable by our current sales office in Kuala Lumpur and our headquarters in Singapore due to the long traveling distance and time required. It takes approximately three hours by car from Kuala Lumpur to Johor Bahru (assuming no traffic congestion) and approximately an hour by plane (not considering waiting time involved), and it takes approximately two hours by car from Singapore to Johor Bahru (assuming no traffic congestion and customs delay). In view of such long traveling hours, the current sales and customer relations staff in both Kuala Lumpur and Singapore are reluctant to actively travel to acquire and service clients in the southern part of Malaysia, thus causing us to miss out potential sales opportunities and motivated us to establish a strong presence in that area especially in view of our increasing number of clients in Malaysia. For current staff from the Kuala Lumpur and Singapore offices who do travel to Johor Bahru to handle potential sales enquiries, their productivity is greatly reduced due to the long traveling distances (limited to only one to two meetings daily) while our operating costs increased as we have to bear the traveling costs incurred. As such, we believe that the setting up of a sales office in Johor Bahru will not only increase our revenue through the acquisition of new clients in southern Malaysia and expand our presence in Malaysia, there will also be substantial cost savings in traveling costs and increased productivity from the Kuala Lumpur and Singapore offices due to better focus on serving clients in their respective areas. Moreover, the operating costs of Johor Bahru are generally lower compared to Kuala Lumpur and Singapore (such as rental expenses). Such tangible and intangible benefits are expected to outweigh the additional operational costs to be incurred for setting up the Johor Bahru sales office (which, as at the Latest Practicable Date, is expected to house 10 staff, including five sales staff, three customer relations executives and two administrative officers and we expect to start hiring from Q4 of 2019), and thus enhance our Group's overall operational efficiency.

We intend to leverage on our established reputation, experience, customer relations, supplier network and our industry knowledge in online marketing to expand and diversify our presence into other high growth potential industries such as brand owners, financial and education institutions and other advertisers which allocate substantial parts of their advertising budgets on traditional media advertisements to broaden our client base. This strategy will be supported by our initiative to strengthen our technological infrastructure as detailed in the paragraph headed “Expanding capacity and enhancing productivity” in this section below.

Expanding capacity and enhancing productivity

We intend to expand our capacity and productivity through organic growth, merger and acquisition and investment in our own technology platforms so as to address the growing market demand for online marketing services as highlighted in the Frost & Sullivan Report. In view of the significant time and cost savings which will be brought by the automation of the reporting of search engine marketing campaigns, we intend to use our internal resources to engage an external vendor to start the development of an automatic report generation system (the “**Automatic Report Generation System**”) in Q2 of 2019. It is expected that the Automatic Report Generation System will be able to automatically generate client reports including raw data (keywords, total keyword Impressions, total keyword clicks and total keyword cost), tracking data (total Leads generated, Leads breakdown by device, Leads breakdown by top five performing keywords, missed calls and enquiry types) and analytics (with comparative analysis and campaign recommendations) on the following bases: (i) real-time when our clients access them through our app (which we are not able to do currently); and (ii) monthly to be sent to our clients via mobile phone and/or email (which are currently being performed manually by our digital marketing team). After the Listing, we intend to utilise part of the net proceeds of the Share Offer to strengthen our technological infrastructure (the “**Tech Infrastructure**”) by building our own technology platforms comprising Platforms A, B and C (the details of which are set out in the section headed “Future plans and use of proceeds” of this prospectus) to (a) enable users to perform health checks on the effectiveness of their search engine marketing campaigns and/or user-friendliness of their existing websites; (b) digitise the keywords library for a wide spectrum of industry sectors which we have built up in our close to 14 years of operations and maintained on a manual basis by our digital marketing team and to partly automate campaign planning and execution of search engine marketing campaigns such that the planning, execution and reporting (via the Automatic Report Generation System which will be fully integrated in this new platform) of search engine marketing campaigns will be automatically linked to each other in the same automated platform; and (c) facilitate Big Data collection, mining and analytics to identify which online platform is more suitable for each industry sector, and to set up and maintain an internal project team, currently expected to comprise one project manager and two project engineers (the “**Project Team**”) to manage this project. We expect to kick-start this project in Q4 of 2019 by recruiting the Project Team and the Project Team is expected to identify the specifications and features of the Tech Infrastructure in the first six months. Thereafter, the Project Team will work with an external vendor to develop the Tech Infrastructure with alpha testing expected to take place between Q1 of 2021 and Q4 of 2021. We will also continue to use our internal resources to hire talents to support our business expansion.

According to the Frost & Sullivan Report, the market size of search engine optimisation among all online marketing services in Singapore had the highest historical CAGR of 11.5% from 2013 to 2017, and also has a high expected CAGR of 7.9% from 2018 to 2023, reaching US\$77.0 million in 2023. In Malaysia, the market size of search engine optimisation recorded historical CAGR of 11.3% from 2013 to 2017, and is expected to continue with a high CAGR of 8.6% from 2018 to 2023. Our search engine optimisation services also recorded high gross profit margin of over 80% during the Track Record Period. In order to fully capture the expected growth in demand for search engine optimisation services in the long term, we plan to expand our web team by no later than the end of Q1 of 2021. As there is a lack of online marketing specialists in Singapore and the recruitment of them is highly competitive according to the Frost & Sullivan Report, and considering the time and efforts required to foster relationships amongst a new team should they be recruited on an individual basis, we intend to utilise part of the proceeds from the Share Offer to acquire a website development and hosting company to strengthen and enhance our web team. In particular, we intend to target companies which specialise in website development and hosting that have more than five years of operating history and have employed at least five full-time website designers with (i) annual turnover of approximately S\$3.0 million; (ii) net profit margin of at least 15.0%; (iii) an active client base of at least 700; and (iv) a positive shareholder equity, in the last three years of operations.

Keeping abreast of market development for the latest market offering

We shall maintain and continue to build on our established knowledge base and expertise in online marketing with the latest market development to increase our value-add to our clients. In particular, we shall continue to collaborate closely with market leading online platforms and where appropriate, proactively seek opportunities to work with upcoming digital platforms, so as to ensure that we will be able to deliver the most effective online marketing campaigns to our clients utilising platforms with the most appropriate reach and usage.

Please refer to the section headed “Future plans and use of proceeds” of this prospectus for further details on how we plan to apply the net proceeds of the Share Offer to realise our business strategies and future plans.

4. FUTURE PLANS

Please refer to the section headed “Future plans and use of proceeds” of this prospectus for a detailed description of our future plans.

BUSINESS

5. OUR BUSINESS MODEL

We are principally engaged in the business of provision of online marketing services which comprise (i) search engine marketing services; (ii) creative and technology services; and (iii) social media marketing services. Our three categories of online marketing services are inter-related and complementary to each other. We customise our services with regards to the needs and/or preferences of each advertiser and may provide a combination or a single type of our online marketing services.

Source of revenue

The following table sets forth a breakdown of our revenue from each category of marketing services for the years/periods indicated:

	Year ended 30 June						Six months ended 31 December			
	2016		2017		2018		2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	<i>(unaudited)</i>									
Search engine marketing services	14,225	82.5	17,784	85.8	22,043	83.0	10,765	85.9	11,916	85.0
Creative and technology services	2,973	17.2	2,647	12.8	3,776	14.2	1,413	11.3	1,684	12.0
Social media marketing services	<u>50</u>	<u>0.3</u>	<u>301</u>	<u>1.4</u>	<u>735</u>	<u>2.8</u>	<u>354</u>	<u>2.8</u>	<u>417</u>	<u>3.0</u>
Total	<u>17,248</u>	<u>100.0</u>	<u>20,732</u>	<u>100.0</u>	<u>26,554</u>	<u>100.0</u>	<u>12,532</u>	<u>100.0</u>	<u>14,017</u>	<u>100.0</u>

As shown in the above table, our Group's main revenue source and main revenue growth driver during the Track Record Period were search engine marketing services. Revenue derived from our social media marketing services has experienced encouraging growth during the Track Record Period. Given the inherent nature of social media platforms, their reach and usage are better suited for advertisers looking to engage in interactive marketing. As we continue to broaden and diversify our client base, which as illustrated in the following table was substantially made up by the professional services sector during the Track Record Period, our Directors expect this service segment to grow.

BUSINESS

The following table sets forth our revenue breakdown by client sectors for the years/periods indicated:

	Year ended 30 June						Six months ended 31 December			
	2016		2017		2018		2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	<i>(unaudited)</i>									
Professional services <i>(Note 1)</i>	7,956	46.1	10,075	48.6	11,377	42.8	5,343	42.6	5,780	41.2
General services <i>(Note 2)</i>	3,840	22.3	4,518	21.8	5,971	22.5	2,811	22.5	3,128	22.3
Automotive and industrial	2,758	16.0	3,279	15.8	3,948	14.9	2,059	16.4	1,516	10.8
Beauty and wellness	1,082	6.3	717	3.4	1,019	3.8	492	3.9	552	4.0
Food and beverage	431	2.5	778	3.8	1,050	4.0	347	2.8	408	2.9
Others <i>(Note 3)</i>	1,181	6.8	1,365	6.6	3,189	12.0	1,480	11.8	2,633	18.8
Total	17,248	100.0	20,732	100.0	26,554	100.0	12,532	100.0	14,017	100.0

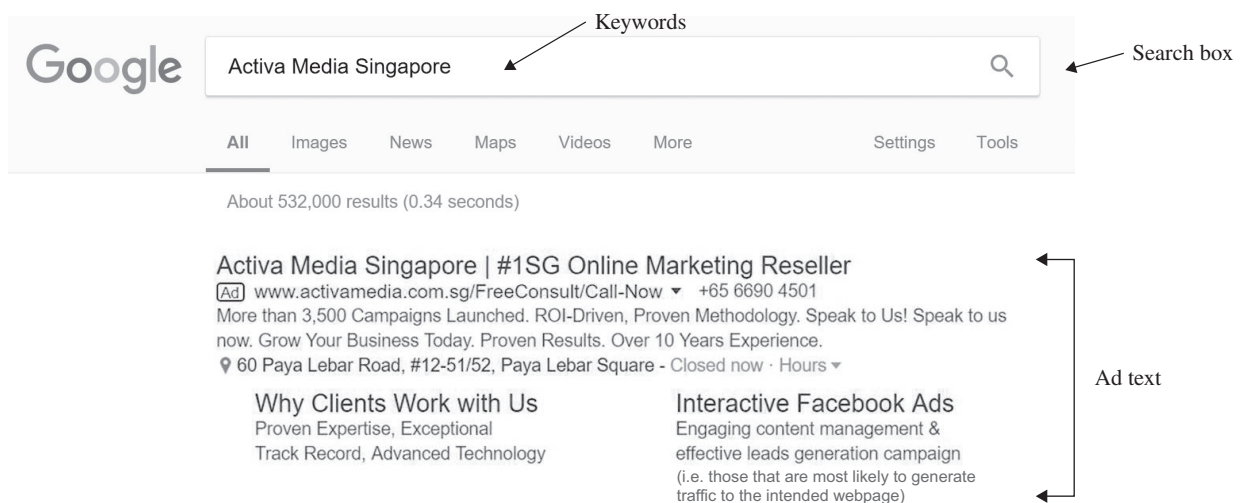
Notes:

- Revenue from the medical field accounted for approximately 90.3%, 84.8%, 88.0% and 91.6% of the revenue generated from clients in the professional services sector for FY2016, FY2017, FY2018 and 6M FY2019, respectively. The remaining revenue was attributed to clients from the law and accounting field.
- General services mainly include the education sector, renovation and fitting-out sector and other general services providers such as consultants, financial institutions and pest control companies.
- Others mainly include the retail and entertainment sectors.

As demonstrated above, clients engaged in the professional services sector have been our substantial revenue contributor. Corresponding with our solid client base, proportion of our revenue contribution in terms of client sector had been generally stable throughout the Track Record Period.

Search engine marketing services

Given their usage and reach, search engines have become an inevitable platform for online marketing as it is commonly used by the general public when searching for information on the Internet. When specific keywords are inserted into the search box, all relevant websites will be presented on a results page, with the advertisement section displayed immediately below the search box and the organic search results displayed immediately below the advertisement section. One of the key features of our search engine marketing services is to help our clients increase their visibility by placing them in prominent positions of the advertisement section of the results page through keyword purchasing. Clients can also choose to display their results in multiple formats (e.g. text, images or videos) to a range of audiences across the globe using a wide variety of targeting methods. Please see below an illustration of our search engine marketing services:



Whilst advertisers may elect to engage in search engine marketing using the self-serve platforms of the major search engines, it is common for advertisers without our knowledge base to choose the most generic keywords which, owing to the clutter of information online, may not be the most effective in generating Leads for the advertisers. The purchase of keywords from search engines involves a bidding system (i.e. an auction) whereby (i) the price of the keywords depends on what other advertisers are willing to pay for the same keywords at the time of the bidding; and (ii) the prominence (i.e. ranking) and successful display of a search engine advertisement in the form of search results will be determined by the algorithms of search engines which are normally based on (a) the result of the bidding; (b) the relevance and quality of the keywords, ad text and/or landing page; and/or (c) the expected impact from the advertisement extensions and formats. Advertisers would pay the search engines for the number of clicks on the relevant search engine advertisements, and the cost-per-click at any relevant time will be determined by the bidding system. As such, it is not possible to pre-determine a fixed price for a fixed number of Impressions at any designated ranking on the advertisement section of the results page and the search engine advertisement will continue to be displayed until the budget agreed by the advertiser has been fully utilised. Generic keywords that are most commonly used or specific terms that are most relevant to a product or service are generally more costly. Further, listings of generic keywords on the results page may not translate to traffic to the website and/or landing page as the user may be searching for other information and continuous purchase of such keywords would be cost inefficient.

Based on our close to 14 years of experience, industry knowledge, understanding of the market and strong partnerships with the search engines, we help advertisers from more than 100 industry sectors customise individualised search engine marketing campaigns based on their objectives, tracking their results and providing recommendations to further improve their campaigns. Having built up a keywords library comprising more than 800,000 keywords and their corresponding Impressions, clicks, bidding price, actual cost per click and Conversions, etc., from over 100 industry sectors in our close to 14 years of operations, we have the statistics on the choice of keywords in a particular industry sector that can generate higher Impressions, higher Click-through-rate, lower cost-per-click and higher Conversion in terms of Leads generation. Leveraging on this, we are able to advise advertisers on which keywords would best meet their marketing objectives and budget, and where appropriate, assist them in selecting and purchasing alternative search keywords which are less costly to make it more cost effective for advertisers. With our experience in running search engine marketing campaigns for clients from a wide spectrum of industry sectors, we are also able to (i) advise advertisers on what is the appropriate duration and budget for a search engine marketing campaign; and (ii) help an advertiser allocate the agreed budget in the system throughout the agreed term of the campaign so that the search engine advertisement will be displayed throughout the agreed term of the campaign to achieve such advertiser's marketing objectives.

We optimise our client's exposure by selecting the most appropriate keywords (i.e. those that are most likely to generate traffic to the intended webpage) with regard to the search habit of the target audience. We go through a selection process with our clients to select cost-effective converting keywords to help clients achieve their marketing objectives within their budgets through customised marketing campaigns. We also assist our clients in procuring ad space in various advertising formats on relevant content sites, which involves a bidding system (i.e. an auction) akin to the purchase of keywords. Advertising formats may be in the form of images, videos or embedded forms. The duration and budget of a search engine advertisement agreed by an advertiser will be recorded in the contract between ourselves and the advertiser.

In light of the keywords and/or ad space which an advertiser has purchased are open to bidding by other advertisers at any time and hence the price of keywords and/or ad space may fluctuate from time to time based on the demand of advertisers, advertisers (based on our advice and guidance which are formulated based on our experience, industry knowledge, understanding of the market, strong partnerships with the search engines and keywords library as elaborated above) will be able to pick the optimal keywords and their respective bidding price to maximise the returns to them, which are measured in terms of the number of Impressions, Click-through-rate and Conversion (in terms of Leads generation) which the advertisers wish to achieve with their search engine marketing campaigns. To further enhance the bidding process, we introduced AM+, a real-time bidding algorithm that responds to market conditions in real-time and adjust the bid per hour automatically, since early 2017 to ensure the budget of each search engine marketing campaign captures the maximum number of visits to our clients' websites or landing pages at the lowest cost with less reliance on manpower.

BUSINESS

Throughout our engagement, we monitor the efficiency and effectiveness of the purchased keywords and the ad space procured through the automated monthly performance reports generated by the search engines. We then track and analyse the Leads and Conversions (using our in-house licensed tracking technology AM-Track, which is a call tracking solution for use in Singapore to track and record all calls to the advertiser prompted by the advertiser's online marketing campaigns, to offer advertisers a detailed breakdown on the call types, including missed calls) and report regularly to our clients with the aim to help them optimise their campaigns and to ensure the achievement of their marketing objectives. Where appropriate, we will also advise our clients to change the keywords/ad space to be purchased or to adjust their budget and/or the duration of their search engine marketing campaigns.

Our fees for search engine marketing services are charged as a fixed percentage of the value of our clients' contract, which is generally based on the marketing objective of our clients, such as the keywords to be purchased and the website for an advertisement to be displayed, and any performance index specified by our clients, such as the number of target visitors and the number of clicks on an advertisement.

Creative and technology services

Our creative and technology services mainly involve (i) search engine optimisation, (ii) website development and hosting; and (iii) other services. Our fees for creative and technology services are determined on a case-by-case basis subject to each project's specifications and time commitment.

The following table sets forth a breakdown of our revenue from each category of services under creative and technology services for the years indicated:

	Year ended 30 June						Six months ended 31 December			
	2016		2017		2018		2017		2018	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%
	<i>(unaudited)</i>									
Search engine optimisation	962	32.4	1,124	42.5	2,487	65.9	618	43.7	917	54.4
Website development and hosting	1,003	33.7	979	37.0	719	19.0	362	25.6	340	20.2
Other services	<u>1,008</u>	<u>33.9</u>	<u>544</u>	<u>20.5</u>	<u>570</u>	<u>15.1</u>	<u>433</u>	<u>30.7</u>	<u>427</u>	<u>25.4</u>
Total	<u><u>2,973</u></u>	<u><u>100.0</u></u>	<u><u>2,647</u></u>	<u><u>100.0</u></u>	<u><u>3,776</u></u>	<u><u>100.0</u></u>	<u><u>1,413</u></u>	<u><u>100.0</u></u>	<u><u>1,684</u></u>	<u><u>100.0</u></u>

(i) Search engine optimisation

As aforementioned, search engines have become an inevitable platform for online marketing as they are commonly used by the general public when looking for information on the Internet. Whilst search engine marketing is effective with results immediately visible in the advertisement section of the results page (displayed immediately below the search box), we understand that a fair share of search engine users bypass the paid listings, preferring to focus on organic search results (displayed immediately below the advertisement section of the results page), which are based on factors such as the relevance, quality and content of the website and/or the landing page as well as the keywords used. As results for keywords with higher listing in search results receive the most traffic, visibility in organic search results is highly desirable. To this end, through our search engine optimisation techniques developed internally in our close to 14 years of operations, we ensure our clients' websites are optimised based on a set of operating guidelines which includes selecting converting keywords, improving clients' website structure, speed and content, etc., in order to facilitate higher listing in respect of organic search results. We will then monitor the ranking of the keywords' organic search results regularly and continue to upgrade our clients' website accordingly.

(ii) Website development and hosting

Under this service, we help our clients design and develop new websites (template or customised according to clients' requirements) or enhance their existing websites in order to provide their target audience with the most up-to-date information of our clients. These websites are designed and programmed in a user-friendly setting which makes them compatible with various devices, such as desktop computers, touch screen tablet personal computers and mobile phones, etc. In addition, we also help our clients conceptualise and plan the website layout, acquire photographs, and develop content based on clients' scripting, etc. In order to facilitate the tracking of Leads and/or Conversions for our clients via their websites, we also incorporate various tracking functions such as click to call buttons, email enquiry forms, etc., into their websites in order to track the Leads (i.e. emails and phone calls) collected through their websites. For clients which engage our services for search engine optimisation but have websites which are not optimised (i.e. websites with poor website structure, slow speed and weak contents, etc.), we help enhance their current websites or develop new websites for them based on a set of operating guidelines we developed internally in our close to 14 years of operations in order to facilitate higher listing in respect of organic search results. Once our clients' websites are completed and approved, we will then assist our clients in picking domain names, selecting appropriate hosting services and network security configuration before activating their websites. Apart from template or customised websites which usually comprise several pages, we also help our clients build single landing pages with the sole purpose of improving their search engine marketing campaigns' Conversion.

(iii) Other services

Given our strong client base in the professional services sector during the Track Record Period, we have also engaged in print publication to provide a more comprehensive marketing strategy for our clients.

We publish INSIDE and place print advertisements for our clients with INSIDE on an annual basis. In addition, we place print advertisements for our clients in a health and lifestyle magazine published by one of our independent clients on a quarterly basis. Despite we are primarily engaged in the provision of online marketing services, we believe this form of traditional marketing by way of print publication also helps our clients to reach out to a different set of target audience who are not Internet savvy, such as high net worth older generation. During the Track Record Period, we had engaged an independent publisher to support us in the publication of INSIDE.

Social media marketing services

In terms of usage and reach, social media platforms serve different purposes to search engine platforms. Advertisers interact with target audiences via social media platforms to promote their brands, products and services. Under our social media marketing services, we offer (i) content management — by understanding the needs of the advertisers, we help them craft out their marketing objectives and create their corporate profile pages as well as update their news feeds; and (ii) social advertisement campaigns (which may be in the form of images, videos or embedded forms) which help generate or direct more traffic to the advertisers' websites and run Leads generation campaigns. The placement of social advertisement also involves a bidding system (i.e. an auction), which is akin to the placement of a search engine advertisement.

We also assist our clients in monitoring the effectiveness of a promotion on social media platforms and perform analysis on the number of Leads and Conversions which have been generated by the promotion through the use of landing pages. Based on such analysis, we are able to provide advertisers with regular reports on information relevant to their brands, products or services and to evaluate the overall effectiveness of marketing campaigns.

Our fees for social media corporate profile management and online monitoring services are predominantly determined by the estimated service hours required by our clients, the marketing objective of our clients, such as the number of photos, videos or news feeds to be posted, and any performance index specified by our clients, such as the number of regular viewers to a corporate profile page or corporate account. For social advertisement placement, our fees are charged as a fixed percentage of the cost of procurement of ad space payable to the social media platforms, which in turn is determined by our clients' budget and is generally based on the marketing objective of our clients and any performance index specified by our clients, such as the number of target visitors and the number of clicks on an advertisement.

Value we add to the advertisers

Our Directors believe that we can add value to the advertisers in three major aspects:

(i) One-stop integrated online marketing services

Our Directors consider that our three categories of online marketing services are inter-related and complementary to each other. We, based on our close to 14 years of experience, industry knowledge and understanding of the market and strong partnerships with the search engine and social media platforms, help advertisers from more than 100 industry sectors navigate the online marketing space and determine which platform is most suitable for them in order to achieve their advertising objectives. We start from understanding their businesses, developing their websites with targeted functions, to customising individualised online marketing campaigns based on their objectives, tracking their results and providing recommendations to further improve their campaigns. In particular, our sales, customer relations and digital marketing teams would, through analysing the backgrounds, characteristics, products and/or services and target audience of the advertisers by conducting research on the competitive landscape of the advertisers, and utilising the in-depth knowledge of different industry sectors and the keywords library we accumulated in close to 14 years of business operations, help advertisers reap the highest rate of return with their marketing budgets. Our Directors believe that our ability to provide one-stop integrated online marketing services helps to reduce the time and resources required for the advertisers in campaign coordination and implementation and it also allows the advertisers to achieve greater efficiency in the allocation of their marketing budgets and in the promotion of their brands, products or services. Our Directors believe that our integrated online marketing services are able to generate more satisfactory synergy marketing results and allow the advertisers to promote their brands, products and/or services effectively, efficiently and cost-efficiently.

(ii) Tracking of performance of each online marketing campaign

The monthly performance reports generated by the search engines and the social media platforms mainly consist of the raw data about the performance of the marketing campaigns of our clients, such as keywords, total keywords Impressions, total keyword clicks and total keyword cost. In this regard, we believe that we can add value to the advertisers' brands in today's complicated and fast-evolving market by using the latest technology, such as AM-Track (which is a call tracking solution for use in Singapore to track and record all calls to the advertiser prompted by the advertiser's online and offline marketing campaigns), to offer advertisers tracking data reports which include detailed analysis on the effectiveness of their marketing campaigns through listening to the recording of such calls in order to determine the enquiry types (including missed calls) and tracking how the advertisers are handling the potential customers generated from these online marketing campaigns, which traditional media are unable to offer. By analysing (i) the monthly performance reports generated by the search engines and the social media platforms; and/or (ii) the data we captured through AM-Track and/or our in-house monitoring process on how the advertisers respond to the Leads generated from the online marketing campaigns, our digital marketing team will then manually summarise the key aspects of the marketing campaigns and provide analytic reports regularly to the advertisers with our insights and advice. These analyses, insights and advice will help advertisers to (a) confidently allocate their marketing budgets to media that attract the audience they want to reach; and (b) evaluate whether they have enough internal resources to handle the new demands generated by their online marketing campaigns and how their internal resources should be allocated.

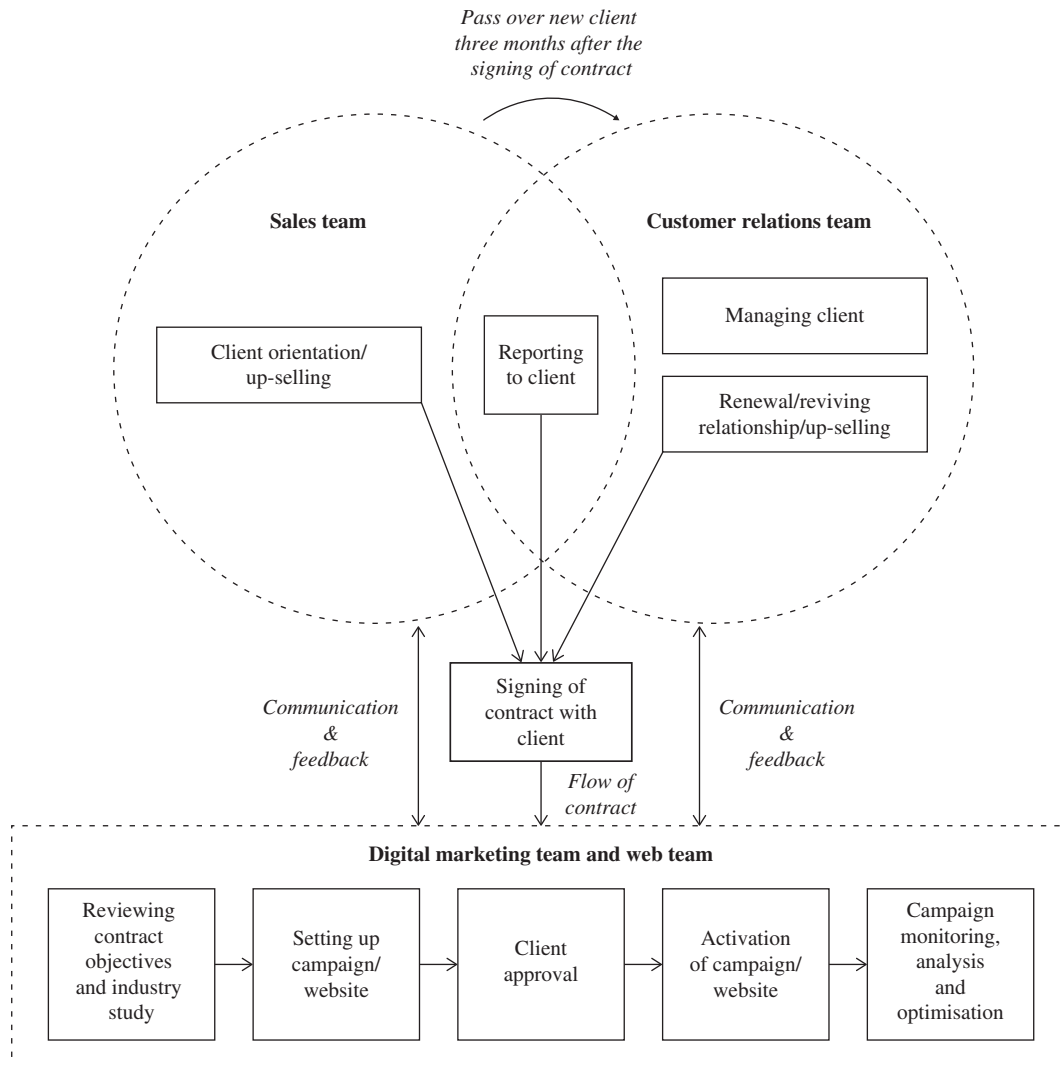
(iii) Value-added services which search engines/social media platforms do not offer through their self-serve platforms

The purchase of keywords and/or ad space from search engines and social media platforms involve a bidding system (i.e. an auction) whereby the price and/or prominence of the keywords and/or ad space depends largely on what other advertisers are willing to pay for the same keywords and/or ad space at the time of the bidding. Advertisers would pay the search engines/social media platforms for the number of clicks on the relevant search engine/social media marketing advertisements and/or display advertisements. Our value-add to our clients is to a large extent our function as an external marketing department of our clients. This is of particular value to SMEs, our largest segment of clients, which generally do not have a designated marketing personnel with expertise on online marketing. For example, those in the professional service sectors may find it more economically efficient to outsource such matters to us rather than investing time and effort to learn about online marketing through the guides on the search engines'/social media's self-serve platforms and closely monitor and modify their campaigns to achieve the same effectiveness as those executed by us. Even for those clients with in-house marketing personnel, they do not have our manual database and keywords library which comprises 800,000 keywords from over 100 industry sectors which we have built up in our close to 14 years of operations, nor do they possess knowledge of the converting keywords to achieve their marketing objectives.

In order to help clients reap the highest return (in terms of number of visits to their websites or Conversions) with their budget, we (i) select converting keywords (those that leads to traffic to our clients' websites) based on the manual keywords library we built up in our close to 14 years of operations and in doing so, enhances the cost efficiency as generic keywords may be costly with low Conversion rates; (ii) help them design and write-up the ad text in various formats; (iii) advise them on which type of online marketing service or the combination of various types of online marketing services is most effective in promoting their brands/goods/services and in achieving their marketing goals; (iv) provide supporting services to them such as website development and hosting and search engine optimisation; and (v) provide reports and analysis on the results of their campaigns and optimises the campaigns on regular intervals (such as to modify the keywords to be purchased based on Conversion rates) during our engagement, some of the benefits of which have been set out in paragraphs (i) and (ii) above. These value-added services which we provide to our clients are not available on the self-serve platforms of search engines and social media platforms.

6. WORKFLOW OF OUR ENGAGEMENT

The following chart sets out the workflow of our engagement, illustrating the key stages of our business operations, including initial contact with potential advertisers or renewing with our clients; the formulation of pitching or renewal proposal; the signing of contract; the execution, monitoring and optimisation of online marketing services; and reporting throughout and upon completion of our engagement:



Initial contact/pitching

Our initial contact with potential client is generally conducted by our sales team by identifying potential advertisers in the media and approaching them. After an appointment has been made with a potential client, our sales team will analyse such potential client's industry, product or service, its target audience and marketing budget and will present our customised proposal to the potential client in the meeting. Upon request by our potential client, we may further customise our pitching proposal based on our potential client's specification within one business day.

Signing and flowing of contract/up-selling

If our potential client approves our pitching proposal, we will sign a standard form contract with our client, setting out, among others, the online marketing services to be provided by us, our services fees, time and duration of our services and payment terms.

Once a contract is signed with a new client, our sales team will communicate with our digital marketing/web team on the project specifications. Our sales team will continue to handle the new clients during the first three months after the signing of contracts. They will communicate with new clients to confirm their requirements, obtain all required information from new clients, conduct internal quality check of the materials prepared by us before seeking new clients' approval, communicate internally with the other teams on new clients' approval on those materials, report regularly to new clients, up-sell to new clients our other services which may complement or add value to their campaigns as well as to handle complaints of the new clients during this three-month period.

Customer relations/up-selling/renewal

Our sales team will pass all new clients to our customer relations team at the end of the first three months after the signing of contracts. Our customer relations team will handle all matters in relation to our clients during the term of our engagement, including communication with clients to confirm their requirements, obtaining all required information from clients, conducting internal quality check of the materials prepared by us before seeking clients' approval, internal communication with the other teams on clients' approval on those materials, regular reporting to clients, up-selling of our integrated online marketing services to our clients as well as the handling of all client complaints. Our customer relations team is also responsible for contacting our existing clients to discuss renewal of contract two months before the contract expiry date. If our existing clients have declined to renew their contracts with us, our customer relations team will conduct an exit interview with them one month before the expiry of contract with the aim to revive our relationship with them.

Execution, monitoring and optimisation

As at the Latest Practicable Date, we had a digital marketing team of 11 members and a web team of 11 members. Our digital marketing team is mainly responsible for the provision of search engine marketing services and social media marketing services. Our web team is mainly responsible for the provision of creative and technology services.

Our digital marketing/web team is responsible for structuring the relevant marketing campaign/website for our client based on each client's specific objectives and in accordance with the relevant local laws and regulations.

Generally, it will take our digital marketing/web team up to five working days to set up a marketing campaign from the time they receive all required information from the client, save for the development of a website, which generally require four to eight weeks. All campaigns/websites are presented to clients prior to activation. Comments from clients, if any, will be taken up and the revised campaign/website is resubmitted for approval prior to activation. After the activation of a search engine/social media campaign, our digital marketing team will monitor the performance of the campaign through the automated monthly performance report generated by the search engine/social media platform and the data we captured through AM-Track/our own internal monitoring process. Our digital marketing team will analyse these reports, data, Leads and Conversions and they will optimise the marketing strategies for our clients throughout the campaign.

Our digital marketing team has been manually collecting and recording data from search engines and social media platforms, respectively. Such data include raw data contained in monthly reports generated by the search engines and/or social media platforms as well as valuable data such as goals, objectives, demographic targeting, countries search trends and Conversions which are not available from such monthly reports. Once these data are collected and recorded into a manual library by our digital marketing team, our digital marketing team will analyse such data and store the analytics in the manual library. Our digital marketing team also manually maintain a keywords library comprising more than 800,000 keywords from over 100 industry sectors which they have built up in our close to 14 years of operations. These manual database and keywords library facilitate our digital marketing team to suggest the top performing and converting keywords, create compelling ad text, set keyword bids accurately and provide more accurate recommendations and advice to our clients, thus resulting in greater campaign performance for our clients.

Reporting throughout and upon completion of our engagement

Our clients that engage our search engine marketing services and social media marketing services will receive monthly performance reports directly from the search engines and social media platforms.

Our digital marketing team will analyse the raw data contained in the monthly performance reports generated by the search engines and social media platforms and the data and information we collected through AM-Track and/or our in-house monitoring process to prepare our own in-house report for our clients. The frequency of the report will depend on the size of the client's engagement and the types of online marketing services provided. Our sales/customer relations team is responsible for sending these reports to our clients.

Upon completion of our engagement, a final report detailing our work done, the resulting performance throughout our engagement and our overall advice will be presented to our client for a comprehensive evaluation.

Using search engine marketing campaigns as an example, the monthly report we generate for our current clients (the “**Current Client Report**”) typically contains the following three parts:

- (i) raw data report (the “**Raw Data Report**”) on (a) keywords; (b) total keyword Impressions (i.e. search volume); (c) total keyword clicks; and (d) total keyword cost ((a) to (d) collectively referred to as the “**Raw Data**”);

- (ii) tracking data report generated by AM-Track which is subsequently manually sorted by our digital marketing team (the “**Tracking Data Report**”) on (a) total Leads generated (i.e. emails and calls); (b) Leads breakdown by device (such as desktop computers, touch screen tablet personal computers and mobile phones, etc.); (c) Leads breakdown by top five performing keywords; (d) missed calls; and (e) enquiry types ((a) to (e) collectively referred to as the “**Tracking Data**”); and
- (iii) analytic report (the “**Analytic Report**”) on our digital marketing team’s (a) manual interpretation and analysis of the Raw Data and the Tracking Data (i.e. comparative analysis); and (b) campaign recommendations to our clients.

In short, the Raw Data Report, the Tracking Data Report and the Analytic Report will together form the Current Client Report, and only the Raw Data contained in the Raw Data Report will be the same as those contained in the monthly report generated by the search engines on the same search engine marketing campaign. The Tracking Data Report and the Analytic Report which we tailor-made for our current clients provide a lot of value-added information to help them evaluate their campaign performance.

7. SALES AND MARKETING

Sales and customer relations

We had a sales team of 15 members and a customer relations team of four members as at the Latest Practicable Date. Our sales team is responsible for pitching activities for the promotion of our business to new clients. They also handle new client complaints and up-sell our integrated online marketing services to them during the first three months after the new clients have signed contracts with us. Our customer relations team is responsible for the promotion of our brand and maintenance of relationships with our clients. They are also responsible for up-selling our integrated online marketing services to our clients during the term of our engagements, the renewal of contracts with our clients two months before the expiry of the current term of our engagements, to handle customer complaints and to revive our relationship with leaving or old clients. They, together with the sales team, work closely with our clients. Members of the customer relations team are generally internally promoted from the sales team. Apart from being experienced in sales, they have in-depth knowledge of our clients and their industries. They are also very familiar with our Company’s core values and accordingly, they endeavour to provide quality services to our clients in line with our core values. If there is any complaint or specific demand from our clients, our customer relations team will communicate with the relevant clients to understand and remedy the issue within one business day. Our Directors have confirmed that our Group did not experience any material complaint from our clients which had materially and adversely affect our business nor did our Group make any material compensation to our clients as a result of any complaint from our clients during the Track Record Period.

In addition to basic salaries, we motivate our sales and customer relations personnel with incentive commission. In general, commission for each sales or customer relations personnel is calculated based on a certain percentage of the net revenue billed by our Group on a progressive scale basis.

We keep our existing and potential clients informed of our recent developments by updating our website and distributing brochures in relation to our background and project portfolio. We also advertise our services through search engine marketing, social media marketing and print advertisements. For FY2016, FY2017, FY2018 and 6M FY2019, the total marketing expenses represented approximately 14.4%, 16.5%, 23.4% and 21.4% of our selling expenses, respectively.

We maintain close working relationship with the search engines and also participate in industry-related seminars and forums organised by the search engines to promote our services and to keep up with the relevant development trends of our industry.

Pricing policy

Most of the contracts we enter with our clients are of six months to one year term and we have not entered into any long-term contracts with our clients during the Track Record Period. Save for new clients whose service fees are mostly based on rate cards, our service fees are generally set as a fixed sum determined on a case-by-case basis and are set forth in the contracts between us and our clients. In formulating our service fees for an engagement, we take into consideration factors including (i) the cost payable to our suppliers; (ii) the other costs for carrying out the project with reference to the estimated time to be spent and the scale of the project, such as the number of employees which will be involved in the project and the specifications of the project; (iii) the performance index and marketing objective specified by our clients; (iv) the prevailing market prices for similar services offered in the market; (v) the size, reputation and industry of our clients; (vi) the marketing budget of our clients; and (vii) the potential future business opportunities with our clients.

The specific factors which we may take into account in setting our service fees for each category of our marketing services are set out in the paragraph headed “5. Our business model” in this section.

Marketing objective and performance index are not generally stipulated in our standard contracts and are usually regarded as a soft target by our clients. Any failure to fulfill such soft target would generally not be regarded as a breach of contract and it is unlikely that claims and/or penalty would be imposed on our Group in this regard.

During the Track Record Period, given the vast range of specifications of marketing services we provided to our clients, our service fees also varied.

Credit policy and payment methods

Our Group adopts prudent credit control procedures and our accounts team are responsible for monitoring subsequent settlement of our receivables from time to time.

For both new clients and existing clients, we generally require them to make a deposit equal to 25.0% of the total contract sum when they engage us and this practice is regardless of the length of the contract.

We generally issue bills to our clients according to the payment schedules stipulated in our contracts. Based on our assessment of our clients' historical settlement pattern, creditworthiness and working relationship with us, at the request of our clients and/or upon review of the profiles of our clients and the sizeable contract sums, we may, on a case-by-case basis, agree to a credit period ranging from 30 to 60 days. During the Track Record Period, no credit period was granted to our clients. Our management closely monitors the settlement status of our trade receivables and regularly reviews the credit terms. In particular, our sales team, customer relations team and accounts team work closely to keep track of purchase order amendments, project status and payment settlement and to suspend project execution or contract renewal when necessary to encourage our clients' timely settlement of our fees.

Our Directors regularly assess the collectibility of our trade receivables on a case-by-case basis to determine if any provision for trade receivables is necessary. Our Directors' assessment is based on, among other things, the evaluation of collectibility; ageing analysis of the receivables; the ultimate realisation of these outstandings; the current creditworthiness and the past collection history of the relevant clients as well as our Group's current and potential future business relationship with such clients. If the financial conditions of our Group's clients deteriorate, resulting in an impairment of their ability to make payments, provision for trade receivables and the use of debt collection agency may be required. Our Directors reassess the provision for trade receivables at each reporting date.

During the Track Record Period, we had recorded long overdue trade receivables from a number of clients for which our Directors consider there is no recoverability issue after assessing the individual condition of these clients. For further details of the analysis, please refer to the section headed "Financial information — 6. Selected items of statements of financial position — 6.2 Net current assets/(liabilities) — 6.2.2 Trade and other receivables" of this prospectus.

Estimated credit losses is provided based on our ongoing individual credit evaluation of our client's payment history and the identification of any specific payment collection issue. For FY2016, FY2017, FY2018 and 6M FY2019, approximately S\$51,000, S\$82,000, S\$158,000 and S\$180,000 had been written off as bad debts, respectively.

Our bills issued by our subsidiaries in Singapore and Malaysia are denominated in Singapore dollars and Malaysian ringgit, respectively. They are generally settled by our clients by way of cheque or bank transfer.

BUSINESS

8. CLIENTS

During the Track Record Period, we had a wide and diversified client base with no single client contributing to more than 12.0% of our revenue during each of FY2016, FY2017, FY2018 and 6M FY2019. As at the Latest Practicable Date, we had an aggregated contract sum of approximately S\$19.6 million remaining unrecognised as revenue. During the Track Record Period, we were not dependent on any single client. We served local and international brands across various business sectors. Our clients are mainly SMEs clients. We strive to maintain good business relationships with our clients. During the Track Record Period, approximately 66.0% of our clients had three to 13 years of business relationship with us. The following table sets forth a summary of our clients and contracts signed by our Group during the years/periods indicated:

	Year ended 30 June				Six months ended 31 December 2018			
	2016		2017		2018			
		%		%		%		%
Repeated clients	1,125	87.8	987	86.0	923	76.7	901	91.8
New clients	<u>157</u>	<u>12.2</u>	<u>161</u>	<u>14.0</u>	<u>280</u>	<u>23.3</u>	<u>81</u>	<u>8.2</u>
Total number of active clients	<u>1,282</u>	<u>100.0</u>	<u>1,148</u>	<u>100.0</u>	<u>1,203</u>	<u>100.0</u>	<u>982</u>	<u>100.0</u>

	Year ended 30 June			Six months ended 31 December 2018
	2016	2017	2018	2018
Number of contracts signed	1,410	1,348	1,467	688
Number of contracts by contract sum				
S\$5,000 or below	766	569	590	327
S\$5,001 to S\$10,000	265	295	246	106
S\$10,001 to S\$20,000	188	242	307	109
S\$20,001 to S\$50,000	134	150	202	68
S\$50,001 to S\$100,000	33	55	75	48
S\$100,001 or above	24	37	47	30
Total contract sum (S\$'000)	16,918	22,373	28,449	14,301
Average contract sum per contract signed (S\$'000)	12	17	19	21

BUSINESS

The number of our repeated clients decreased during the Track Record Period, which was mainly due to our strategic shift in focus on clients with higher budget and potential to increase budget. As such, throughout the Track Record Period, we opted not to pursue renewal contracts with clients which have limited budget and low growth potential and allocated resources to up-sell accounts with clients which have higher potential to increase their advertising expenditure. Such efforts are reflected in the increase in the average contract sum per contract signed during the Track Record Period and the strategy validated by our continuous revenue growth throughout the Track Record Period.

The following table sets forth a breakdown of the business sectors of our clients based on a percentage of our total revenue during the years/periods indicated:

Business sectors of our clients	Approximate percentage of the total revenue				
	Year ended 30 June			Six months ended	
	31 December				
	2016	2017	2018	2017	2018
	%	%	%	%	%
Professional services (<i>Note 1</i>)	46.1	48.6	42.8	42.6	41.2
General services (<i>Note 2</i>)	22.3	21.8	22.5	22.5	22.3
Automotive and industrial	16.0	15.8	14.9	16.4	10.8
Beauty and wellness	6.3	3.4	3.8	3.9	4.0
Food and beverage	2.5	3.8	4.0	2.8	2.9
Others (<i>Note 3</i>)	6.8	6.6	12.0	11.8	18.8
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Notes:

- Revenue from the medical field accounted for approximately 90.3%, 84.8%, 88.0% and 91.6% of the revenue generated from clients in the professional services sector for FY2016, FY2017, FY2018 and 6M FY2019, respectively. The remaining revenue was attributed to clients from the law and accounting field.
- General services mainly include the education sector, renovation and fitting-out sector and other general services providers such as consultants, financial institutions and pest control companies.
- Others mainly include the retail and entertainment sectors.

As seen in the above table, clients in the medical field had been the pillar of our business during the Track Record Period. It is our policy to adhere to the laws and regulations relating to medical advertisements in Singapore and Malaysia when devising any online marketing campaign for clients in the medical field to minimise our Group's risk of providing false or misleading medical information in the ad text. Our head of digital marketing team is in charge of ensuring that each of our online marketing campaigns is in compliance with the prevailing laws and regulations relating to medical advertisements in Singapore and Malaysia. For our digital marketing team's ease of reference, we keep a folder of such laws and regulations in our offices. Whenever there are amendments to these laws and regulations, the folder will be updated by our head of digital marketing team and our digital marketing team members will attend training courses on these amendments to keep themselves abreast of the latest developments in the laws and regulations relating to medical advertisements in Singapore and Malaysia. Moreover, given the nature of online marketing which is mainly used for Leads generation, the ad text

BUSINESS

used in online marketing campaigns is short. Therefore, the ad text for clients in the medical field is generally restricted to general information on the types of services provided by such clients and their contact details and does not contain medical information. To ensure the accuracy of the information presented in the ad text, our digital marketing team is required to, amongst others, cross check our clients' medical certificates, obtain before and after photos on medical treatments in face-to-face meetings at the clients' clinics and obtain other relevant information from the clients' website or other content supplied by our clients. As such, our Directors believe that our risk of providing false or misleading medical information is remote.

The following table sets forth our total revenue and revenue attributable to our Singapore-based clients and our Malaysia-based clients, respectively, during the years/periods indicated:

	Year ended 30 June						Six months ended 31 December			
	2016		2017		2018		2017		2018	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Revenue attributable to our Singapore-based clients (Note 1)	16,356	94.8	19,153	92.4	23,455	88.3	11,037	88.1	11,583	82.6
Revenue attributable to our Malaysia-based clients (Note 2)	892	5.2	1,579	7.6	3,099	11.7	1,495	11.9	2,434	17.4
Total	17,248	100.0	20,732	100.0	26,554	100.0	12,532	100.0	14,017	100.0

Notes:

1. Revenue attributable to our Singapore-based clients includes revenue from all of our clients based in Singapore and excludes revenue from all of our clients based in Malaysia, regardless of the location of our operations (i.e. the office location of our subsidiaries which signed the relevant contracts for marketing services with our clients).
2. Revenue attributable to our Malaysia-based clients includes revenue from all of our clients based in Malaysia and excludes revenue from all of our clients based in Singapore, regardless of the location of our operations (i.e. the office location of our subsidiaries which signed the relevant contracts for marketing services with our clients).

During the Track Record Period, all of the contracts we entered into with our clients were in our standard form. The principal terms of our standard form contract for the provision of marketing services include, among other things, our service fees, scope of marketing services, time and duration of our services and payment clauses. Our contractual period is generally, depending on the needs of our client, either of a term of six months or one year. During the Track Record Period, over 78% of our contracts were for one year term. In general, our client cannot unilaterally terminate the engagement but we can terminate the engagement by giving at least two months' prior notice in writing to our client. For details of our credit policy and payment methods, please refer to the paragraph headed "7. Sales and marketing — Credit policy and payment methods" in this section. Our Group can offer flexibility to our clients in terms of duration of contract and payment terms. Generally, all intellectual property rights in the websites or landing pages developed by us will be vested with us.

During the Track Record Period, we were not dependent on any single client. For FY2016, FY2017, FY2018 and 6M FY2019, our five largest clients accounted for approximately 11.4%, 11.3%, 12.6% and 20.8% of our revenue, respectively. Percentage of revenue from our five largest clients increased to approximately 20.8% for 6M FY2019 as the largest client engaging as an advertising agent

BUSINESS

in Malaysia contributed approximately 11.5% of our total revenue in 6M FY2019. For each of FY2016, FY2017, FY2018 and 6M FY2019, our five largest clients accounted for less than 30.0% of our total revenue. Our Directors confirmed that our Group had no material dispute with our clients and none of our clients was our major supplier during the Track Record Period.

To the best of our Directors' knowledge, none of our Directors, their close associates or any Shareholder (who or which, to the knowledge of our Directors owns more than 5.0% of the issued share capital of our Company) had any interest in any of our five largest clients during the Track Record Period, save for AMPH, one of our five largest clients during the Track Record Period, the entire shareholding of which had been disposed of by our Controlling Shareholders in April 2018. Further information on the disposal is set out in the section headed "Relationship with our Controlling Shareholders — Relationship between our Controlling Shareholders and AMPH" of this prospectus. During the Track Record Period, our Group had not experienced any major disruption of business due to material delay or default of payment by our clients due to their financial difficulties. Our Directors further confirmed that they are not aware of any material financial difficulties experienced by any of our major clients that may materially affect our Group's business, operations or financials.

9. SUPPLIERS

During the Track Record Period, our suppliers mainly included search engine platforms, social media platforms, magazine publisher, web hosting service provider and call tracking solution provider.

The following table sets forth our selection criteria of major types of suppliers:

Type of services	Major types of suppliers	Selection criteria
Search engine marketing	(i) Search engine platforms	(i) Search engine platform's popularity, its reach and usage as well as the support provided
	(ii) Call tracking solution provider	(ii) user-friendliness, system features, costs of services and support provided
Website development and hosting	Web hosting service providers	Server's reliability and stability, costs of services and support provided
Other services	Publisher	Experience, creativity, printing service and costs
Social media marketing	Social media platforms	Social media platform's popularity, its reach and usage as well as the support provided

BUSINESS

Our digital marketing and web team leaders are involved in the supplier selection process based on the selection criteria set out above. Engagement with an estimated aggregated annual sum exceeding S\$5,000 is subject to the final approval of our executive Directors. Employees are also required to report to their supervisors any possible conflict of interests they may have in any operation, including the selection or engagement of suppliers. During the Track Record Period, we did not experience any material shortage or delay of supply due to defaults of our suppliers. Our Directors have confirmed that none of our suppliers was our major client during the Track Record Period.

All search engine platforms and social media platforms have their own self-serve platforms for advertisers who/which are interested in online marketing to buy ad space from them. Our Directors confirmed that we either enter into reseller agreements with search engine platforms and social media platforms or work with them through their self-serve platforms for online marketing during the Track Record Period. The terms and conditions set out in our agreements with our different types of suppliers vary, and the duration of such agreements is normally one year. The salient terms of the reseller agreements we entered into with our major suppliers during the Track Record Period are as follows:

Term:	one year and renewal on an annual basis
Products:	any advertising inventory made generally and commercially available to advertisers by the suppliers through their own advertising platforms
Fees:	the cost of purchase of the suppliers' advertising inventory, payable on a monthly basis
Performance bonus:	certain suppliers will give us performance bonus or progressive scale of fees to reward us on achieving sales targets
Training:	the suppliers will provide training to us on their advertising platforms
Termination:	either party has the right to, among other things, terminate the supplier agreement by giving written notice to the other party in situations of material breaches that are capable of being remedied but not remedied within the specified period of 10 to 30 days

In general, our suppliers grant us a credit term of up to 60 days and we settle our payment by cheque, credit card or bank transfer.

Major suppliers

For FY2016, FY2017, FY2018 and 6M FY2019, the total cost of services paid to the five largest suppliers amounted to approximately S\$10.2 million, S\$12.7 million, S\$15.1 million and S\$8.7 million which accounted for approximately 92.6%, 93.3%, 93.7% and 94.1% of our total cost of services, respectively, while the total cost of services paid to the largest supplier amounted to approximately S\$9.8 million, S\$12.3 million, S\$14.6 million and S\$8.3 million which accounted for approximately 89.2%, 90.6%, 90.1% and 90.1% of our total cost of services, respectively. All our five largest suppliers during the Track Record Period are Independent Third Parties.

BUSINESS

The following table sets out the profile of our five largest suppliers based on the aggregation of cost of services attributable to them during the Track Record Period:

For FY2016

<u>Rank</u>	<u>Our supplier</u>	<u>Principal business activities</u>	<u>Credit term and payment method</u>	<u>Business relationship with our Group since</u>	<u>Cost of services</u> <i>S\$'000</i>	<u>Percentage of total cost of services</u> %	<u>Platforms/services provided</u>
1	Supplier A (Note 1)	Provider of web portal, search engine and related services	45 days by cheque	2006	9,796	89.2	Website and search engine
2	Supplier B (Note 2)	Provider of web portal, search engine and related services	30 days by cheque	2009	192	1.7	Website and search engine
3	Supplier C (Note 3)	Content and creative solutions	30 days by cheque	2015	111	1.0	Magazine publishing
4	Supplier D (Note 4)	Operator of a global social media platform	Immediate payment by credit card	2009	42	0.4	Social media platform
5	Supplier E (Note 5)	Web hosting service provider	30 days by cheque	2013	32	0.3	Web hosting, domain name registrations and email hosting services
Total					<u>10,173</u>	<u>92.6</u>	

For FY2017

<u>Rank</u>	<u>Our supplier</u>	<u>Principal business activities</u>	<u>Credit term and payment method</u>	<u>Business relationship with our Group since</u>	<u>Cost of services</u> <i>S\$'000</i>	<u>Percentage of total cost of services</u> %	<u>Platforms/services provided</u>
1	Supplier A (Note 1)	Provider of web portal, search engine and related services	45 days by cheque	2006	12,304	90.6	Website and search engine
2	Supplier D (Note 4)	Operator of a global social media platform	Immediate payment by credit card	2009	166	1.2	Social media platform
3	Supplier C (Note 3)	Content and creative solutions	30 days by cheque	2015	106	0.8	Magazine publishing
4	Supplier F (Note 6)	Provider of web portal, search engine and related services	60 days by bank transfer	2016	53	0.4	Website and search engine
5	Supplier E (Note 5)	Web hosting service provider	30 days by cheque	2013	38	0.3	Web hosting, domain name registrations and email hosting services
Total					<u>12,667</u>	<u>93.3</u>	

BUSINESS

For FY2018

<u>Rank</u>	<u>Our supplier</u>	<u>Principal business activities</u>	<u>Credit term and payment method</u>	<u>Business relationship with our Group since</u>	<u>Cost of services</u> <i>S\$'000</i>	<u>Percentage of total cost of services</u> %	<u>Platforms/services provided</u>
1	Supplier A (Note 1)	Provider of web portal, search engine and related services	45 days by cheque	2006	14,554	90.1	Website and search engine
2	Supplier D (Note 4)	Operator of a global social media platform	Immediate payment by credit card	2009	375	2.3	Social media platform
3	Supplier C (Note 3)	Content and creative solutions	30 days by cheque	2015	113	0.7	Magazine publishing
4	Supplier G (Note 7)	Provider of phone lead alert call tracking solution	15 days by bank transfer	2015	49	0.3	Call tracking solution
5	Supplier F (Note 6)	Provider of web portal, search engine and related services	60 days by bank transfer	2016	46	0.3	Website and search engine
Total					<u>15,137</u>	<u>93.7</u>	

For 6M FY2019

<u>Rank</u>	<u>Our supplier</u>	<u>Principal business activities</u>	<u>Credit term and payment method</u>	<u>Business relationship with our Group since</u>	<u>Cost of services</u> <i>S\$'000</i>	<u>Percentage of total cost of services</u> %	<u>Platforms/services provided</u>
1	Supplier A (Note 1)	Provider of web portal, search engine and related services	45 days by cheque	2006	8,297	90.1	Website and search engine
2	Supplier D (Note 4)	Operator of a global social media platform	Immediate payment by credit card	2009	222	2.4	Social media platform
3	Supplier C (Note 3)	Content and creative solutions	30 days by cheque	2015	107	1.2	Magazine publishing
4	Supplier G (Note 7)	Provider of phone lead alert call tracking solution	15 days by bank transfer	2015	23	0.2	Call tracking solution
5	Supplier H (Note 8)	Provider of marketing platform	30 days by bank transfer	2017	21	0.2	Marketing campaign management
Total					<u>8,670</u>	<u>94.1</u>	

BUSINESS

Notes:

1. Supplier A was founded in 1998 in the United States. It is a subsidiary of a multinational conglomerate listed on Nasdaq Stock Market LLC which specialises in Internet-related services and products, which include online advertising technologies, search engine, cloud computing, software and hardware and it generates revenue primarily by delivering online advertising.
2. Supplier B was incorporated in 1995 in the United States. It is a digital media company listed on Nasdaq Stock Market LLC, and it generates revenue from online advertising.
3. Supplier C is a private company incorporated in Singapore in 2012. It is a content and creative solutions provider, and it offers custom publishing, creative solutions and translation services to meet the communication and marketing objectives of its clients.
4. Supplier D was founded in 2004 in the United States and it is listed on Nasdaq Stock Market LLC. It builds products that enable people to connect and share their opinions, ideas, photos and videos, and other activities with audiences ranging from their closest friends to the public at large, and stay connected everywhere by accessing its products through mobile devices and personal computers. It generates substantially all of its revenue from selling advertising placements to advertisers.
5. Supplier E is a private company incorporated in Singapore in 1996. It is headquartered in Singapore and it provides domain registration, web hosting and other hosting services in Asia Pacific.
6. Supplier F was founded in 1975 in the United States and it is listed on Nasdaq Stock Market LLC. It develops and market software, services, and hardware devices that transforms the way people work, play, and communicate, and generates revenue by developing, licensing, and supporting a wide range of software products and services, by designing and selling hardware devices, and by delivering relevant online advertising to a global audience.
7. Supplier G is a private company registered in Australia in 1996. It is a software vendor, offering call tracking solutions for clients to assist with marketing strategies.
8. Supplier H is a private company founded in 1998 in the United States. It is headquartered in the United States and it provides marketing platform that enables companies to sell and manage search, display and social campaigns for their clients.

Our largest supplier during the Track Record Period accounted for over 86.0% of all global desktop search traffic during the Track Record Period. We have been their authorised reseller since 2006 and its premier reseller since 2013 and the contract between our largest supplier and ourselves has been renewed on an annual basis since 2006. We receive the same level of support from our largest supplier bearing either title. As at the Latest Practicable Date, we, as a “premier” reseller of our largest supplier, receive the following additional benefits as compared to a “normal” reseller: (i) executive business trainings; (ii) eligible for dedicated account management (our largest supplier will assign a business manager to provide direct support to us); (iii) new business strategy consulting; and (iv) annual partners summit. Through these executive business trainings, new business strategy consulting and annual partners summit, our largest supplier has been keeping us abreast of the latest industry trends, online marketing insights, technology and market statistics, which coupled with our in-depth industry knowledge and experience accumulated in our close to 14 years of business operations, have enabled us to provide value-added services to our clients.

BUSINESS

As at the Latest Practicable Date, our authorised regions include Singapore, Malaysia and the Philippines. To ensure that we operate in compliance with our agreement with our largest supplier, we have imposed on all our sales, customer relations, digital marketing and web team staff to pass our largest supplier's annual certificate examinations to keep them abreast of the latest industry trend and product information. We also strive to maintain a close working relationship with our largest supplier. In order to keep ourselves abreast of our largest supplier's latest product development and general industry trends and for the planning of our clients' online marketing campaigns, our digital marketing team has been conducting weekly meetings with representatives of our largest supplier. 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. During the Track Record Period and as at the Latest Practicable Date, we were not aware of any breach of the terms of our agreement with our largest supplier. Our Directors are of the opinion that we had an excellent working relationship with our largest supplier during the Track Record Period and our largest supplier had given us very strong support during the Track Record Period and they do not foresee any changes which may affect our long standing relationship with our largest supplier.

Our Directors believe, and the Sponsor concurs, that we have no undue reliance on our largest supplier despite it accounting for approximately 90.0% of our total cost of services during the Track Record Period for the following reasons:

- (i) our agreement with the largest supplier is non-exclusive and we are not restricted from working with other online platforms for online marketing;
- (ii) the high proportion of costs attributed to the largest supplier during the Track Record Period corresponds with the largest supplier's market position and the reach and usage it provides as an online platform;
- (iii) the risk of termination of our agreement with the largest supplier due to cessation of its reseller programme is low as it is the largest supplier's business model to rely on the services of its resellers to reach the SME segment as significant costs will be involved should the largest supplier decide to internalise the functions of the resellers on a global scale;
- (iv) in the unlikely event that the largest supplier ceases its business in online marketing, we can work with other online marketing suppliers; and
- (v) the risk of termination of our agreement by the largest supplier without ceasing its reseller programme is low because (a) over 76.0% of our clients are repeated clients and approximately 66.0% of our clients had three to 13 years of relationship with us during the Track Record Period, the stability in the profitability and the quality of services to our clients are recognised by the largest supplier as exemplified with the awards listed in the paragraph headed "15. Awards" in this section; (b) we have been the largest supplier's authorised reseller since 2006 and the two parties have developed a very close and strong working relationship over the years; and (c) according to the Frost & Sullivan Report, we ranked first among all online marketing service providers with a market share of approximately 7.2% of the online marketing industry in Singapore in FY2018 and by deduction, we are probably one of the largest supplier's biggest revenue contributors in Singapore for search engine marketing.

In the unlikely event that our Group's agreement with its largest supplier is terminated, our Group can continue to buy ad space from our largest supplier's self-serve platform, which belongs to the same bidding system available to our Group as a premier partner. As such, whilst our Group would cease to enjoy the additional benefits and the performance bonus from our largest supplier as discussed above, our Group would still be able to carry on our usual business without major disruptions or changes to our cost structure and pricing strategy. Our Directors acknowledge that the loss of support from our largest supplier (such as the immediate support helpline and the regular working meetings) and the additional benefits would necessitate alternative means to keep our Group abreast of the latest online marketing services on offer and the latest online marketing trends. However, given our Group's experienced management team, in-depth knowledge of our clients' industry sectors, the solid client base which we have built up over the years, and also our new technology, our Group would be able to carry on our usual operations and to foster new business relationships with other search engines and social media platforms.

To the best of our Directors' knowledge, none of our Directors, their close associates or any Shareholder (who or which, to the knowledge of our Directors owns more than 5.0% of the issued share capital of our Company) had any interest in any of our five largest suppliers during the Track Record Period.

10. INFORMATION TECHNOLOGY

We have licensed from Independent Third Parties and implemented the following information technology systems for the operation of our business during the Track Record Period:

- customer relationship management system — our operations, from the signing of contracts with our clients, execution of contracts to issuance of invoice and payment settlement, are maintained and monitored through the system. The system also captures a complete view of our clients, including activity history, key contacts, contract history, payment history, client communications, and internal account discussions. The data stored in the system assists us in managing our relationship with our clients;
- project management system — the communication between the sales team, customer relations team, digital marketing team and the web team in relation to campaign management are maintained and monitored through the system;
- data backup and recovery system — data generated in the customer relationship management system and the project management system are backed up, transmitted and stored in an off-site data centre instantly using cloud technology; and
- AM+ — the purchase of keywords and ad space from search engines involve a bidding system (i.e. an auction) which depends on what the other advertisers are willing to pay for the same keywords and ad space at the time of the bidding, and our clients pay the search engines for the number of clicks on the relevant search engine advertisements and/or display advertisements. Generic keywords that are most commonly used or specific terms that are most relevant to a product or service are generally more expensive. We use AM+, which is a real-time bidding algorithm, to ensure our clients' budgets for their search engine marketing campaigns capture the maximum number of visits to their websites or landing pages.

As confirmed by our Directors, there had been no system or network failure which caused material interruption to our operations during the Track Record Period.

11. QUALITY ASSURANCE

Human resources management

As an online marketing service provider, client satisfaction and day-to-day quality control which includes strategy review, text review, picture review, advertisement review, design review and strategy performance review are very important to us. Our Directors believe that the close communications between our various service teams and within each service team and the constant review and feedback within our Company are crucial to our success. We have a project management system to facilitate internal communication on projects. Our team leaders also hold weekly briefing sessions with team members on their workflow and discuss clients' feedbacks with them.

We ensure that suitable and sufficient number of staff are recruited and properly trained for their positions and have structured our operations to ensure our clients receive consistent service quality. In this regard, we have implemented a customer relationship management system, a project management system and a shared calendar within the team to ensure that any staff turnover will have limited impact on the continuity of campaign management and implementation. Moreover, our sales team, which from our experience tend to have higher turnover rate, mainly handle new clients and they pass the new clients to our customer relations team after three months of the signing of contracts with new clients. Members of our customer relations team are generally promoted internally from the sales team after several years with our Group. Apart from being experienced in sales and client management, the stability of this team serves to maintain our service quality.

For the digital marketing team, each team member is familiar with different aspects of online marketing so that the loss of any team member will have limited impact on the continuity of campaign management and implementation.

Staff development

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 staff development will help to promote our overall efficiency and employee loyalty and retention. To this end, we provide our digital marketing, customer relations and sales staff with technical and operational on-the-job training on a weekly basis. 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. New sales team members are required to attend two weeks of intensive orientation programme during their probation, and their performance will be reviewed regularly to ensure they attain our level of expectation. We require all members of the sales team, customer relations team, digital marketing team and the web team to pass the annual certificate examinations of our largest supplier to keep them abreast of the latest industry trend and product information, even though the contractual requirement is for two accounts or product managers to get qualified only.

BUSINESS

Monitoring the effectiveness of the online marketing campaigns

In line with the nature of online marketing service industry, day-to-day service monitoring and evaluation are carried out real-time throughout our engagements by our digital marketing team. To optimise the marketing performance of our online marketing services and to ensure the achievement of the marketing objectives of the advertisers, we have to constantly collect feedback from the search engines, the social media platforms and the target audience, monitor public responses and produce interim evaluation reports for evaluation and optimisation purposes. Our sales, customer relations and digital marketing team leaders are responsible for (i) the day-to-day monitoring of work quality and progress of their team members; (ii) ensuring that our engagements are executed according to the specifications and objectives of our clients; (iii) ensuring effective communications with our clients and our suppliers; and (iv) overall quality control.

Upon completion of our engagements, we arrange interviews with our clients to evaluate the effectiveness of our engagements. Our customer relations team also conduct exit interviews with those clients that do not plan to renew contract with us. This process provides us with clients' feedback for evaluation and also helps us to revive relationship with those clients.

ISO certification

To ensure quality management, we had obtained ISO 9001 certification from International Standards Organisation (ISO) in 2011.

12. MAJOR QUALIFICATIONS AND LICENCES

During the Track Record Period, our Group is primarily engaged in the provision of online marketing services in Singapore and Malaysia. Our Directors confirmed that our Group is not required to obtain any industry-specific qualification, licence or permit for the provision of the relevant services to our clients in Singapore and Malaysia, save for the business premise licences for our offices in Malaysia held by our Group as at the Latest Practicable Date with details set out below:

	Business premises	Company	Revenue code	Description	Validity period	Issuing authority
1.	No. 15-2-2 and 17-2-2 Jalan 3/101C, Medan Niaga, Mutiara Cheras, 56100 Kuala Lumpur, Malaysia	Activa Media (M)	2605 011000560247 1A102 000000040000	Office (unit)	9 October 2018 to 8 October 2019	Kuala Lumpur City Hall
2.	No. 11-2-2 Jalan 3/101C, Medan Niaga, Mutiara Cheras, 56100 Kuala Lumpur, Malaysia	Activa Media (M)	2605 011000572513 1A102 000000020000	Office (unit)	21 May 2018 to 20 May 2019 (Note)	Kuala Lumpur City Hall

Note: Submitted for renewal and being processed.

13. HEALTH AND WORK SAFETY MATTERS

We are required to comply with various safety laws and regulations in Singapore and Malaysia. Our operations are also subject to occupational health and safety regulations issued by the relevant occupational health and safety authorities in Singapore and Malaysia.

Our Directors confirmed that, to the best of their knowledge, information and belief, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with the health and work safety laws and regulations in all material respects in Singapore and Malaysia.

We have taken measures to promote occupational health awareness and safety at workplace. During the Track Record Period, we had not experienced any significant workplace accident.

14. ENVIRONMENTAL MATTERS

We are primarily engaged in the provision of online marketing services. Our Directors believe that the online marketing service industry in which we operate is not a major source of environmental pollution and the impact of our operations on the environment is minimal. We have taken measures to facilitate the environmental-friendliness of our workplace by encouraging a recycling culture within our Group.

During the Track Record Period, we were not subject to any major environmental claims, lawsuits, penalties or disciplinary actions.

15. AWARDS

The following table sets out our major awards received as an online marketing service provider:

Year awarded	Award & accolade	Awarding body
2006	AdWords Authorised Reseller — Excellence Performance Award	Google
2010	Promising Brands	Singapore Prestige Brand Award (Note 1)
2013	Highest Customer Satisfaction — Google Premier SME Partner Award (Southeast Asia)	Google
2015	Digital Marketing Agency of the Year	Marketing Magazine's Agency of the Year Awards 2015 (Note 2)
2015	Established Brands	Singapore Prestige Brand Award (Note 1)


BUSINESS

Year awarded	Award & accolade	Awarding body
2015	Highest AdWords Performance Satisfaction, Southeast Asia — Google Premier SME Partner Awards	Google
2015	Highest Customer Service Satisfaction, Southeast Asia — Google Premier SME Partner Awards	Google
2017	Display Innovation — Premier Partner Awards, Southeast Asia	Google
2018	Mobile Innovation — Premier Partner Awards, Southeast Asia	Google

Notes:

1. It was jointly organised by the Association of Small and Medium Enterprise and Lianhe Zaobao, which recognised Singapore brands that are developed and managed effectively through various branding initiatives.
2. Marketing Magazine is Asia's leading source of advertising, marketing and media intelligence.

16. INTELLECTUAL PROPERTY

We have branded our business in Singapore and Malaysia by using “Activa Media” as our brand name. As at the Latest Practicable Date, we were the registered owner of the trademark  in Singapore, Malaysia, the Philippines and Hong Kong and had one trademark application pending in Indonesia. As at the Latest Practicable Date, we had also registered a number of domain names. Detailed information of our intellectual property rights is set out in the paragraph headed “Further information about the business of our Group — 8. Intellectual property rights of our Group” in Appendix V to this prospectus.

During the Track Record Period, we were not involved in any dispute or infringement of trademarks and patents.

BUSINESS

17. EMPLOYEES

As at the Latest Practicable Date, we had 57 full-time employees. A breakdown of our employees by function and geographic location as at 30 June 2016, 2017 and 2018, 31 December 2018 and the Latest Practicable Date is set forth below:

		As at 30 June		As at	As at the
	2016	2017	2018	31 December 2018	Latest Practicable Date
Singapore:					
Executive Directors	2	2	2	2	2
Sales team	3	4	5	4	5
Customer relations team	5	4	5	6	4
Digital marketing team	6	10	9	12	9
Web team	8	8	8	9	10
Finance, administration and human resources	9	9	11	10	10
Subtotal	33	37	40	43	40
Malaysia:					
Malaysia country manager	1	1	1	1	1
Sales team	4	13	8	5	10
Finance, administration and human resources	2	2	3	3	3
Digital marketing team	—	—	—	3	2
Web team	—	—	—	1	1
Subtotal	7	16	12	13	17
Total	40	53	52	56	57

We generally recruit our employees from the open market and enter into employment contracts with our employees. We offer attractive remuneration packages to our employees. In addition to salaries and where applicable, commission, our employees who are retained after the probation period are entitled to discretionary bonuses. We provide a defined contribution to the Central Provident Fund as required under the Central Provident Fund Act (Chapter 36) of Singapore for our eligible employees in Singapore, and a defined contribution to the Employees' Provident Fund as required under the Employees' Provident Fund Act 1991 (Act 452 of the Laws of Malaysia) for our eligible employees in Malaysia. During the Track Record Period and up to the Latest Practicable Date, we have complied with the applicable laws and regulations in Singapore and Malaysia in relation to the Central Provident Fund and the Employees' Provident Fund, respectively, and did not receive any notice from any government authority in Singapore and/or Malaysia regarding our failure to make contributions to the said provident funds.

BUSINESS

We incurred staff costs, sales commission and directors' remuneration of approximately S\$2.7 million, S\$3.2 million, S\$3.4 million and S\$1.8 million for FY2016, FY2017, FY2018 and 6M FY2019, respectively. We review the performance of our employees at least annually and make reference to such performance reviews in our discretionary bonus and salary review and promotional appraisal in order to attract and retain talents.

We maintain good working relationship with our employees. There had not been any labour dispute with our Group during the Track Record Period and up to the Latest Practicable Date. In order to promote overall efficiency and employee loyalty and retention, we provide our employees with technical and operational on-the-job training and promotion prospects. None of our employees are members of any labour union.

18. INSURANCE

For our employees in Singapore, we have maintained during the Track Record Period and up to the Latest Practicable Date, work injury compensation insurance in compliance with the Work Injury Compensation Act (Chapter 354) of Singapore to cover compensation and costs liable by our Group for personal injuries of our employees in the course of employment with us. We also maintain medical insurance coverage for our foreign workers as required under the Employment of Foreign Manpower Act (Chapter 91A) of Singapore.

For our employees in Malaysia, we have maintained during the Track Record Period and up to the Latest Practicable Date, (i) the Employment Injury Insurance Scheme and the Invalidity Pension Scheme in compliance with the Employees' Social Security Act 1969 (Act 4 of the Laws of Malaysia) to cover compensation and costs liable by our Group for personal injuries of our employees in the course of employment with us; and (ii) the Employment Insurance System in compliance with the Employment Insurance System Act 2017 to provide financial assistance to employees who have lost their earning power resulting from the loss of employment.

We have also taken out and maintained office insurance for our office premises and office equipment in Singapore. This office insurance policy mainly covers loss resulting from burglary, damages made to insured property and increased cost due to business interruptions.

For FY2016, FY2017, FY2018 and 6M FY2019, we have incurred approximately S\$4,000, S\$13,000, S\$7,000 and S\$104,000 as the costs of insurance, respectively. Our Directors consider that our Group's insurance coverage is sufficient and in line with normal commercial practice in Singapore and Malaysia.

19. SOCIAL RESPONSIBILITIES

Our Directors believe our contributions to the society should stretch beyond the four walls of our offices. Since 2015, we have been participating in the annual elderly giving campaign at Geylang Bahru to support the less fortunate staying in Kallang Bahru, Singapore. In these annual giving campaigns, all of our employees in Singapore would take an afternoon off work to visit and distribute grocery bags to the elderly staying in one room flats in Kallang Bahru, Singapore.

20. MARKET AND COMPETITION

According to the Frost & Sullivan Report, the online marketing service industry in Singapore and Malaysia is a growing industry fragmented with a large number of online marketing service providers. There are numerous media and marketing platforms from which our potential clients could choose. Other than competition in relation to the choice of platforms, our Group also faces competition from within the sector. For details, please refer to the section headed “Industry overview” of this prospectus.

We face competition in respect of the quality and effectiveness of our services, our ability to meet potential clients’ expectations and specifications in a flexible way, and our experience and reputation. Our Directors believe that we will maintain our competitiveness over other competitors and our market position by strengthening and developing our competitive strengths. Our competitive strengths are highlighted in the paragraph headed “2. Competitive strengths” in this section.

21. PROPERTIES

We are headquartered in Singapore and we have an office in Malaysia. As at the Latest Practicable Date, we have leased the following offices with details as follows:

Address	Monthly rent (sq. m.)	Tenure
Singapore		
60 Paya Lebar Road, #12–51, Paya Lebar Square, Singapore 409051 (<i>Note</i>)	S\$3,850	1 July 2016 to 30 June 2019
60 Paya Lebar Road, #12–52, Paya Lebar Square, Singapore 409051 (<i>Note</i>)	S\$4,300	1 July 2016 to 30 June 2019
Malaysia		
No. 11–2–2 Jalan 3/101C, Medan Niaga, Mutiara Cheras, Batu 5 Jalan Cheras, 56100 Kuala Lumpur, Malaysia	MYR2,000	1 January 2019 to 31 December 2020
No. 15–2–2 Jalan 3/101C, Medan Niaga, Mutiara Cheras, Batu 5 Jalan Cheras, 56100 Kuala Lumpur, Malaysia	MYR1,500	1 January 2019 to 31 December 2020
No. 17–2–2 Jalan 3/101C, Medan Niaga, Mutiara Cheras, Batu 5 Jalan Cheras, 56100 Kuala Lumpur, Malaysia	MYR1,300	1 January 2019 to 31 December 2020

Note: We leased this property from our executive Directors Ms. L. Teo and Mr. V. Teo, who are connected persons of our Group. For details of this connected transaction, please refer to the section headed “Connected transactions” of this prospectus. This lease agreement is being renewed.

BUSINESS

As at the Latest Practicable Date, we also owned an investment property at 60 Paya Lebar Road, #11–52, Paya Lebar Square, Singapore 409051 (the “**Premise**”) with gross floor area of approximately 144 sq. m. Given the Premise is one floor directly below the location of our Singapore headquarters, it was originally acquired by us for potential office expansion and our executive Directors intended to erect an internal stairway to connect the Premise with our Singapore headquarters to facilitate efficient staff communication, which is critical to the operation of our business. However, having discussed with various parties, including the real estate agency, architects and interior designers, there could be uncertainties as to the approval for the relevant construction work and the timing required. As such, we abandoned the original plan and held the Premise as an investment property. As at the Latest Practicable Date, the Premise had been leased to an Independent Third Party for S\$9,765 per month up to 14 June 2019 and a new tenancy agreement had been signed with a new tenant, an Independent Third Party, to take effect from 15 July 2019 to 14 July 2022 with the rental increased to S\$10,850 per month. However, we may consider to use the Premise for our future expansion should the need arise in the future. For further details on our self-owned property, please refer to the section headed “Financial information — 6. Selected items of statements of financial position — 6.1 Non-current assets” of this prospectus and the property valuation report included as Appendix III to this prospectus.

Our Directors confirmed that as at the Latest Practicable Date, except for the property interests in the property valuation report set out in Appendix III to this prospectus, no single property interest that forms part of our non-property activities has a carrying amount of 15.0% or more of total assets.

22. RISK MANAGEMENT AND INTERNAL CONTROL

We believe that by maintaining and upholding a rigorous set of internal controls, it will build our reputation in the market and increase clients’ confidence in our Group. We maintain internal manuals setting out operating procedures, internal control procedures and other policies and guidelines. Our Directors and senior management are responsible for the implementation of these policies and guidelines and they believe that such policies and guidelines can ensure our Group’s ability to carry out our business in an orderly and efficient manner, to safeguard our Group’s and our clients’ interests and to comply with all applicable laws and regulatory requirements.

In the ordinary course of our business, we are exposed primarily to (i) operational risk relating to our internal processes and our staff; (ii) credit risk in respect of receivables from our clients; (iii) liquidity risk; and (iv) information technology risk given our reliance on our information technology systems in the day-to-day operations of our business.

Operational risk management

Our executive Directors and senior management are responsible for monitoring our daily operations and assessing the relevant operational risks. We have control measures on the workflow of different kinds of online marketing campaigns for quality assurance, pricing guidelines and the protection of personal data, which will be reviewed by our Directors and senior management on a regular basis. To achieve control of our operations, all our employees, including management of our Group, are required to read our employee handbook and internal policies.

Credit risk management

Our Group is exposed to the risk of failing to collect the receivables from our clients which may result in a financial loss to our Group. Our accounts team prepares monthly reports on outstanding overdue payments for our Directors and senior management and alert them on new overdue payments. Our Directors and senior management will then closely monitor, evaluate the risk level and decide on follow-up actions depending on, amongst others, the relationship with the client and payment history. In addition, we may suspend project execution or contract renewal when necessary to encourage our clients' timely settlement of our fees. Please refer to the paragraph headed "7. Sales and marketing — Credit policy and payment methods" in this section for details.

Liquidity risk management

We have to pay our suppliers regardless of whether we have collected the receivables from our clients and our Group is exposed to liquidity risk if we fail to collect the receivables from our clients in a timely manner. To improve our cashflow, all clients are required to pay a deposit equal to 25.0% of the total contract sum when they engage us, and we generally do not grant any credit period to our clients. Moreover, we will only sign new contracts with our clients after they have settled the overdue payments.

Information technology risk management

We have the legal obligation to protect the personal data and confidential information of our clients. Therefore, to ensure the adherence to such obligations, we implement a number of internal control measures on our information technology systems, including (i) installing various firewalls and anti-virus softwares to protect our information technology systems from cyber security breaches such as unauthorised access, hacking and computer viruses; (ii) requiring proper approval for any request for firewall modification; (iii) recording and reviewing unusual situation and suspicious activity, and taking and properly documenting all follow-up actions immediately; (iv) enabling password protection for and restricted access (i.e. to designated personnel in accordance with their roles and responsibilities) to files that contain confidential personal information, and the staff in charge should ensure that password access will not be granted to unauthorised personnel; (v) enabling individual user's password protection known only to the user for each computer, including password protected screen for all mobile equipment; (vi) reviewing access rights to computers on an annual basis, and access rights of all employees, contractors and third party users to information and information processing facilities will be removed upon termination of their employment, contract or agreement, or otherwise adjusted; (vii) requiring the destruction of confidential files, products and devices to be made in a secure manner; and (viii) reminding computer users to avoid downloading unauthorised and suspicious software that could potentially compromise data security. Moreover, we perform system backup instantly using cloud technology.

We will continuously monitor and improve our internal control procedures to ensure that it is in line with the growth of our business and good corporate governance practice.

23. LEGAL PROCEEDINGS AND COMPLIANCE

Claims of material importance settled, pending or threatened against our Group

Our Directors confirmed that no member of our Group was engaged in any claim, litigation or arbitration of material importance and no claim, litigation or arbitration of material importance was known to our Directors to be pending or threatened against any member of our Group during the Track Record Period and up to the Latest Practicable Date.

Regulatory compliance

Our Directors confirmed that we had complied with the applicable laws and regulations in Singapore and Malaysia in all material respects during the Track Record Period and up to the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of two executive Directors and three independent non-executive Directors. Our senior management team consists of four individuals (excluding our executive Directors). The following table sets out the information concerning our Directors and senior management:

Directors

Name	Age	Date of joining our Group	Present position within our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Director(s)/ member(s) of senior management (other than that through or relating to our Group) (Note)
Executive Directors						
Ms. Teo Li Lian (Zhang Lilian) (張麗蓮)	40	1 August 2005	Chairlady, executive Director and chief executive officer	7 December 2017	Overall strategic planning, sales and marketing, management and operation of our Group	Sister of Mr. V. Teo
Mr. Teo Kuo Liang (Zhang Guoliang) (張國良)	38	1 August 2005	Executive Director	7 December 2017	Branding and business development of our Group	Brother of Ms. L. Teo
Independent non-executive Directors						
Mr. Chung Kwok Hoe (曾國豪)	40	3 June 2019	Independent non-executive Director	3 June 2019	Providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	Nil
Mr. Tan Eng Ann (陳勇安)	51	3 June 2019	Independent non-executive Director	3 June 2019	Providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	Nil
Mr. Lee Shy Tsong	48	3 June 2019	Independent non-executive Director	3 June 2019	Providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	Nil

Note: This refers to spouse; any person cohabiting with a Director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

DIRECTORS AND SENIOR MANAGEMENT

Senior management

Name	Age	Date of joining our Group	Present position within our Group	Roles and responsibilities	Relationship with other Director(s)/ member(s) of senior management (other than that through or relating to our Group) (Note)
Ms. Teng Oon Tang (丁文婷)	33	26 February 2018	Chief financial officer	Overall accounting and financial management of our Group	Nil
Ms. Wong Wan Ping (黃婉屏)	32	2 March 2009	Head of digital marketing	Overseeing and managing all online marketing campaigns for our Group	Nil
Mr. Tan Ding Yuan (陳鼎元)	34	1 April 2009	Head of customer relations	Overseeing and managing communications and sales activities with existing clients of our Group	Nil
Mr. Lee Wee Chyun (李偉群)	28	7 May 2014	Head of sales	Overseeing and managing new client development and sales activities for our Group	Nil

Note: This refers to spouse; any person cohabiting with a Director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

DIRECTORS

Executive Directors

Ms. Teo Li Lian (Zhang Lilian) (張麗蓮), aged 40, has been with our Group since August 2005. She was appointed as a Director on 7 December 2017 and re-designated as the Chairlady, executive Director and the chief executive officer of our Company on 29 June 2018. Ms. L. Teo is responsible for overall strategic planning, sales and marketing, management and operation of our Group. She is currently a director of our subsidiaries Activa Media (S), Activa Media Consultancy, Activa Media (M) and Activa (BVI).

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

DIRECTORS AND SENIOR MANAGEMENT

Ms. L. Teo obtained a Diploma in Risk & Insurance Management from Nanyang Polytechnic of Singapore in May 1998.

Activa Media Holdings Pte. Ltd. (“**Activa Media Holdings**”) was a company incorporated in Singapore on 1 April 2014, which was a dormant company prior to the submission of an application for striking off pursuant to the Companies Act on 22 June 2018. Ms. L. Teo is a director of Activa Media Holdings. It is confirmed by Ms. L. Teo that the submission of an application for striking off to the Registrar of Companies of Singapore (“**Singapore Registrar**”) was voluntary.

Ms. L. Teo confirmed that Activa Media Holdings had never commenced business or operation and was solvent at the time of the application for striking off. Ms. L. Teo further confirmed that there was no fraudulent act or misfeasance on her part leading to the application for striking off of Activa Media Holdings and she is not aware of any actual or potential claim that has been or will be made against her as a result of the application for striking off of such company.

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

In his close to 14 years of start-up and operational experience of online marketing with our Group, Mr. V. Teo drove the development of our Group. He has been instrumental in growing key accounts, developing new services for our Group (such as social media marketing services and search engine optimisation), expanding our client 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 Bachelor of Engineering (Mechanical Engineering) from the National University of Singapore in June 2005.

Mr. V. Teo is also a director of Activa Media Holdings. Please refer to the paragraph on Ms. L. Teo’s biography in this section for further details on Activa Media Holdings. It is confirmed by Mr. V. Teo that the submission of an application for striking off to the Singapore Registrar was voluntary.

Mr. V. Teo confirmed that Activa Media Holdings had never commenced business or operation and was solvent at the time of the application for striking off. Mr. V. Teo further confirmed that there was no fraudulent act or misfeasance on his part leading to the application for striking off of Activa Media Holdings and he is not aware of any actual or potential claim that has been or will be made against him as a result of the application for striking off of such company.

Independent non-executive Directors

Mr. Chung Kwok Hoe (曾國豪) (“**Mr. Chung**”), aged 40, was appointed as an independent non-executive Director on 3 June 2019. He is the chairman of the nomination committee, and a member of the audit committee and the remuneration committee.

DIRECTORS AND SENIOR MANAGEMENT

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

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

Mr. Tan Eng Ann (陳勇安) (“Mr. E.A. Tan”), aged 51, was appointed as an independent non-executive Director on 3 June 2019. Mr. E.A. Tan is the chairman of the audit committee, and a member of the remuneration committee and the nomination committee. Mr. E.A. Tan has more than 19 years of experience in audit, accounting and finance. The following table summarises Mr. E.A. Tan’s professional experience:

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

DIRECTORS AND SENIOR MANAGEMENT

Company name	Principal business activities	Last position held	Period of service
IP Real Estate Investments Pte. Ltd.	Management consultancy services	Director	April 2019 to present

Mr. E.A. Tan has held numerous financial and management positions in listed companies in Singapore and Hong Kong. Since June 2013, he has been an independent non-executive director of Isoteam Ltd. (a company listed on the Singapore Exchange Limited (Stock Code: 5WF)). From June 2016 to February 2018, Mr. E.A. Tan was an independent non-executive director of SingAsia Holdings Limited (a company listed on GEM (Stock Code: 8293)). From September 2014 to September 2016, he was an independent non-executive director of GCCP Resources Limited (a company listed on the Singapore Exchange Limited (Stock Code: 41T)). From November 2009 to July 2017, Mr. E.A. Tan was an independent non-executive director of Hiap Tong Corporation Ltd (a company listed on the Singapore Exchange Limited (Stock Code: 5PO)). From May 2007 to August 2014, he served as an executive director of R H Energy Ltd. (now known as CWG International Ltd and formerly known as Chiwayland International Limited) (a company previously listed on the Singapore Exchange Limited (Stock Code: ACW)).

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

Mr. E.A. Tan was a director of following companies which were incorporated in Singapore and were dissolved pursuant to the Companies Act. It is confirmed by Mr. E.A. Tan that all the following dissolutions were voluntary by way of submitting an application to the Singapore Registrar because these companies had either never commenced business or operation or had ceased to carry on business or operation for more than three months immediately before the relevant application. The relevant details are as follows:

Name of company	Principal business activity prior to its dissolution	Date of dissolution	Means of dissolution
QTC Technologies Pte. Ltd.	Manufacturing	8 December 2010	Striking off
Amersun Coating Pte. Ltd.	General wholesale trading	6 November 2012	Striking off

Mr. Tan was also a director of the following company which was incorporated in Hong Kong prior to its dissolution:

Name of company	Principal business activity prior to its dissolution	Date of dissolution	Means of dissolution (Note)
Natural Best Limited	General wholesale trading	2 November 2012	Deregistration

DIRECTORS AND SENIOR MANAGEMENT

Note: “Deregistration”, in the context of Hong Kong law, refers to the process whereby a director or a member of a private company incorporated under the predecessor Companies Ordinance (predecessor Chapter 32 of the Laws of Hong Kong) which has ceased its operation and is not insolvent applies to the Companies Registry for deregistration pursuant to Section 291AA of the predecessor Companies Ordinance. Such application can only be made if (1) all members of the company agree to the deregistration; (2) the company has never commenced business or operation, or has ceased to carry on business or operation for more than three months immediately prior to the application; and (3) the company has no outstanding liabilities.

Mr. E.A. Tan confirmed that the companies listed above had been inactive and were solvent at the time of striking off/deregistration. Mr. E.A. Tan further confirmed that there was no fraudulent act or misfeasance on his part leading to the striking off/deregistration of such companies and he is not aware of any actual or potential claim that has been or will be made against him as a result of the striking off/deregistration of such companies.

Mr. Lee Shy Tsong (“Mr. S.T. Lee”), aged 48, was appointed as an independent non-executive Director on 3 June 2019. Mr. S.T. Lee is the chairman of the remuneration committee, and a member of the audit committee and the nomination committee. Mr. S.T. Lee has 22 years of experience in the legal industry and has extensive experience in intellectual property law and manages intellectual property portfolios worldwide. Mr. S.T. Lee joined Donaldson & Burkinshaw LLP in September 1996 as a lawyer and became a partner of the firm in January 1998.

Mr. S.T. 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. S.T. Lee was admitted as a solicitor of the Supreme Court of Singapore in March 1994. Mr. S.T. 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.

Meyzer Properties (VN) Pte. Ltd. (“**Meyzer Properties**”) was a company incorporated in Singapore on 4 November 2009, which was engaged in real estate agencies and valuation services prior to its dissolution on 8 April 2013 by way of striking off pursuant to the Companies Act. Mr. S.T. Lee was a director of Meyzer Properties. It is confirmed by Mr. S.T. Lee that the dissolution was voluntary by way of submitting an application to the Singapore Registrar because Meyzer Properties had ceased to carry on business or operation for more than three months immediately before the relevant application.

Mr. S.T. Lee confirmed that Meyzer Properties had been inactive and was solvent at the time of striking off. Mr. S.T. Lee further confirmed that there was no fraudulent act or misfeasance on his part leading to the striking off of Meyzer Properties and he is not aware of any actual or potential claim that has been or will be made against him as a result of the striking off of such company.

Disclosure under Rule 13.51(2) of the Listing Rules

Except as disclosed in this section, each of our Directors and senior management has confirmed that he/she has not held directorships in the last three years in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas as at the Latest Practicable Date. Each of our Directors also confirmed that as at the Latest Practicable Date, (i) save as disclosed in this section, he/she is independent from and not related to any of our other Directors, members of senior management, substantial Shareholders or Controlling Shareholders; and (ii) save as disclosed in the

DIRECTORS AND SENIOR MANAGEMENT

paragraph headed “Further information about our Directors and substantial Shareholders” in Appendix V to this prospectus, he/she does not have any interest in the Shares within the meaning of Part XV of the SFO.

None of our Directors have any interests in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group. Please refer to the paragraph headed “Further information about our Directors and substantial Shareholders” in Appendix V to this prospectus for further information about our Directors, including details of the interest of our Directors in the shares, underlying shares or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) and particulars of their respective service contract or letter of appointment and remuneration.

Except as disclosed in this section, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director required to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Ms. Teng Oon Tang (丁文婷) (“Ms. Teng”), aged 33, is the chief financial officer of our Group. She joined our Group in February 2018 and is responsible for overall accounting and financial management of our Group.

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

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

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

Mr. Tan Ding Yuan (陳鼎元) (“Mr. D.Y. Tan”), aged 34, 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. Mr. D.Y. Tan is responsible for overseeing and managing communications and sales activities with existing clients of our Group and has approximately nine years of experience in sales and customer relations. Mr. D.Y. Tan obtained a degree of Bachelor of Business (Management) from the RMIT University (formerly known as Royal Melbourne Institute of Technology) in August 2009.

DIRECTORS AND SENIOR MANAGEMENT

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

Prior to joining our Group, Mr. W.C. Lee 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.

Mr. W.C. Lee obtained a Diploma in Management Studies from the SIM University in June 2009.

COMPANY SECRETARY

Mr. Kwok Siu Man (郭兆文) (“Mr. Kwok”) is our company secretary (who was appointed by our Board on 29 June 2018 and so nominated by Boardroom Corporate Services (HK) Limited (“**Boardroom**”) under an engagement letter made between the Company and Boardroom, pursuant to which Boardroom has agreed to provide certain corporate secretarial services to the Company). He is presently an executive director and head of corporate secretarial of Boardroom and a director of Boardroom Share Registrars (HK) Limited. He has over 30 years of extensive legal, corporate secretarial and management experience gained from working at company secretary and other senior executive positions for companies overseas and in Hong Kong (including one of the Hang Seng Index Constituent stock companies). He was the managing director of a financial printer in Hong Kong with international affiliation, a director of a property management company and an independent non-executive director of a company listed on the Main Board. In addition, he has been a director of a charity fund since its incorporation in May 1992 and an independent non-executive director of Tak Lee Machinery Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8142), since June 2017.

Mr. Kwok is a fellow member of each of the Institute of Chartered Secretaries and Administrators in England (the “**ICSA**”) since October 1990, the Institute of Financial Accountants in England since July 1996, the Institute of Public Accountants in Australia since April 2015, the Hong Kong Institute of Company Secretaries (the “**HKICS**”) since August 1994, the Association of Hong Kong Accountants since June 2014 and the Hong Kong Institute of Directors since July 2014, a Chartered Governance Professional of both the ICSA and HKICS since September 2018 and a member of the Hong Kong Securities and Investment Institute since November 2012. He also possesses professional qualifications in arbitration, taxation, financial planning and human resources management. In addition, he matriculated from Queen’s College, Hong Kong, holds a professional diploma in company secretaryship and administration from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in November 1983, a bachelor’s degree of arts in accounting (with honours) from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in November 1994 and a post-graduate diploma in laws (with credit) from the Manchester Metropolitan University and has passed the Common Professional Examinations in England and Wales in July 1998. He was one of the adjudicators for the “Best Annual Reports Awards” organised by the Hong Kong Management Association in 1992, 1993 and 2008.

DIRECTORS AND SENIOR MANAGEMENT

Having been the reviewer and the chief examiner of the “Hong Kong Company Secretarial Practice/Corporate Secretaryship” of the international qualifying examinations of the HKICS and participated in the review of the Hong Kong law variant modules thereof for about a decade, Mr. Kwok holds the record of being the HKICS’s longest-serving council member and director (i.e. for 18 years). Further, he was a member of the Board of Review appointed by the Hong Kong government under the Inland Revenue Ordinance and has been acting as an external examiner/member of the validation panel of corporate management courses organised by recognised academic and vocational institutions for tertiary education in Hong Kong since the mid-1990’s. Currently, Mr. Kwok also serves as the company secretary and a joint company secretary of over 20 other companies listed on the Stock Exchange.

Given that Mr. Kwok is supported by a pool of professional corporate secretarial staff with such professional qualifications and/or relevant experience required in providing the corporate secretarial services to our Company, our Directors are of the view that Mr. Kwok has sufficient time and capacity to fulfill his duties as the company secretary of our Company.

BOARD COMMITTEES

We have established an audit committee, a remuneration committee and a nomination committee. Each committee operates in accordance with its terms of reference established by our Board.

Audit committee

The audit committee was established on 3 June 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”). The audit committee comprises three independent non-executive Directors, namely Mr. Chung Kwok Hoe, Mr. Tan Eng Ann and Mr. Lee Shy Tsong. The chairperson of the audit committee is Mr. Tan Eng Ann.

The role of the audit committee includes reviewing and monitoring our Group’s external auditor’s independence and objectivity and the effectiveness of the audit process, monitoring the integrity of our Group’s financial information and reviewing significant financial reporting judgements and overseeing our Group’s financial reporting system and risk management and internal control systems.

Remuneration committee

The remuneration committee was established on 3 June 2019 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code. The remuneration committee comprises one executive Director, Ms. L. Teo, and three independent non-executive Directors, namely Mr. Chung Kwok Hoe, Mr. Tan Eng Ann and Mr. Lee Shy Tsong. The chairperson of the remuneration committee is Mr. Lee Shy Tsong.

The role of the remuneration committee includes making recommendations to our Board on our Group’s remuneration policy and structure of the remuneration packages, bonuses and other compensation payable to our Directors and senior management, the establishment of a formal and transparent procedure for developing our Group’s remuneration policy as well as to ensure that no Director or his/her associate is involved in deciding his/her own remuneration.

DIRECTORS AND SENIOR MANAGEMENT

Nomination committee

The nomination committee was established on 3 June 2019 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The nomination committee comprises three independent non-executive Directors, namely Mr. Chung Kwok Hoe, Mr. Tan Eng Ann and Mr. Lee Shy Tsong. The chairperson of the nomination committee is Mr. Chung Kwok Hoe.

The role of the nomination committee includes conducting an annual review of the structure, size and composition of our Board and making recommendations on any proposed changes to our Board, identifying suitably qualified individuals to become Board members and making recommendations to the Board on the selection of individuals nominated for Board membership, assessing the independence of the independent non-executive Directors and making recommendations to our Board on the appointment and re-appointment of Directors and succession planning for Directors.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation in the form of fees, salaries, allowances, benefits in kind, discretionary bonuses and defined contributions, and their respective remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities, workload, the time devoted to our Group, individual performance and the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services to our Group or executing their functions in relation to the operations of our Group. Our Group regularly reviews and determines the remuneration packages of our Directors and senior management. After Listing, the remuneration committee will assist our Board in reviewing and determining the remuneration packages.

During FY2016, FY2017, FY2018 and 6M FY2019, the aggregate amount of compensation (including fees, salaries, allowances, benefits in kind, discretionary bonuses and defined contributions) paid by our Group to our Directors was approximately S\$0.8 million, S\$0.8 million, S\$0.8 million and S\$0.5 million, respectively. Under the current arrangements, we estimate that the aggregate amount of compensation (excluding payment pursuant to any discretionary benefits or bonuses or other fringe benefits) payable by our Group to our Directors for FY2019 will be approximately S\$0.9 million.

During FY2016, FY2017, FY2018 and 6M FY2019, the aggregate amount of compensation (including salaries, allowances, benefits in kind, discretionary bonuses and defined contributions) paid by our Group to our five highest paid individuals (including our executive Directors) was approximately S\$1.1 million, S\$1.2 million, S\$1.2 million and S\$0.7 million, respectively.

Please refer to notes 12 and 13 to the Accountants' Report set out in Appendix I to this prospectus for details of the remuneration of our Directors and the five highest paid individuals during the Track Record Period and refer to the paragraph headed "Further information about our Directors and substantial Shareholders — 9. Particulars of Directors' service contracts and letters of appointment" in Appendix V to this prospectus for details of the terms of our Directors' service contracts and letters of appointment.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, our Directors, past Directors or the five highest paid individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Group. None of our Directors waived or agreed to waive any emoluments during the Track Record Period. Save as disclosed in this paragraph headed “Remuneration of Directors and senior management”, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company will comply with the Corporate Governance Code, with the exception of code provision A.2.1, which requires 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 our history, Ms. L. Teo, our Controlling Shareholder, has held key leadership position of our Group and has been responsible for overall strategic planning, sales and marketing, management and operation of our Group. In order to achieve effective strategic planning and to monitor the implementation of such plans, our Directors (including our independent non-executive Directors) consider that Ms. L. Teo is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Group and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and apply the “comply or explain” principle in our corporate governance report which will be included in our annual reports after the Listing.

Our Directors have a balanced mix of experience and industry background, including but not limited to experience in the online marketing, legal, financial advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of our Board members.

We have adopted a Board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Pursuant to our Board diversity policy, selection of Board 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. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our nomination committee is responsible for ensuring the diversity of our Board. After the Listing, our nomination committee will review our Board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our Board diversity policy in our corporate governance report on an annual basis.

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Altus as our compliance adviser to provide advisory services to our Company. Pursuant to Rule 3A.23 of the Listing Rules, it is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill on the following circumstances:

- (i) before the publication of any regulatory announcements, circulars or financial reports;
- (ii) where a transaction, which might be discloseable or being a notifiable or connected transaction under Chapters 14 and/or 14A of the Listing Rules, is contemplated including shares issues and share repurchases;
- (iii) where we propose to use the proceeds from the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry to us regarding unusual movements in the price or trading volume of the Shares or other issues under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS


OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), 75% of the issued share capital of our Company will be owned by Aactiva Media Investment, which is a company owned by Ms. L. Teo and Mr. V. Teo in equal shares. In this regard, Ms. L. Teo and Mr. V. Teo, together with Aactiva Media Investment, are a group of Controlling Shareholders within the meaning of the Listing Rules. For the background of Ms. L. Teo and Mr. V. Teo, please refer to the section headed “Directors and senior management” of this prospectus.

Save as disclosed above, there is no other person who will, immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account the allotment and issue of Shares upon the exercise of the Over-allotment Option or any options to be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

RELATIONSHIP BETWEEN OUR CONTROLLING SHAREHOLDERS AND AMPH

During the Track Record Period, AMPH was legally owned as to 30% by Mr. V. Teo (beneficially by Ms. L. Teo and Mr. V. Teo as to 15% and 15% respectively), 29.99% by Mr. Rock Robinson Kwan Robins, 20% by Mr. Michael John Lim Co, 20% by Mr. Ronald Stephen Y. Monteverde and 0.01% by Ms. Roxanne Monique Kwan Robins (all Independent Third Parties other than Ms. L. Teo and Mr. V. Teo). Mr. V. Teo was one of the five directors of AMPH. During the Track Record Period, AMPH was engaged in the provision of advertising services in the Philippines. AMPH was profit making during the Track Record Period.

On 16 April 2018, Mr. V. Teo (and on behalf of Ms. L. Teo) disposed of their entire legal and/or beneficial interest in AMPH to Mr. Rock Robinson Kwan Robins, an Independent Third Party, at a consideration of PHP375,000, which was based on the nominal value of the shares held by Mr. V. Teo (and on behalf of Ms. L. Teo) (the “Disposal”), and Mr. V. Teo resigned as a director of AMPH. Aactiva Media (S) also terminated its licence of its trademark  to AMPH in May 2018. It is the intention of our Controlling Shareholders to maintain business relationship with AMPH after the Disposal because AMPH was one of our five largest clients during the Track Record Period. All transactions with AMPH will be on an arm’s length basis and normal commercial terms.

The reasons for the Disposal are as follows:

- (i) From the legal and regulatory perspectives, our Controlling Shareholders had no control in AMPH. Given that there is a foreign ownership restriction for entities engaged in advertising business in the Philippines, our Group will never be able to exercise control over AMPH unless the foreign ownership restriction is lifted in the Philippines. Without the ability to exercise control on AMPH, we may have difficulty in ensuring AMPH will adopt the same focus and strategy as our Group. Further, AMPH would be a connected person of our Company under the Listing Rules if our Controlling Shareholders remain to hold interest in AMPH after the Listing. We would therefore be required to incur additional administrative costs and time for continuous monitoring and compliance with the applicable requirements under the Listing Rules after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) Our Group intends to focus on our business in Singapore, Malaysia and other countries where we can exercise control. Our Directors believe that it would be more beneficial to our Group if we focus on our expansion plans in Singapore and Malaysia set out in the section headed “Business — 3. Business strategies” of this prospectus. The geographic proximity of our headquarters in Singapore and our wholly-owned subsidiary in Malaysia facilitates our effective and efficient management of our operations in Singapore and Malaysia and the implementation of our expansion plans there.
- (iii) Revenue and net profit recorded by AMPH were negligible as compared to our Group in 2016 and 2017.
- (iv) From the investment perspective, Ms. L. Teo and Mr. V. Teo have never received any return in the form of dividends from AMPH.
- (v) As we intend to maintain business relationship with AMPH after the Disposal, the Disposal will have no impact on our operating results.

Having considered the above, our Controlling Shareholders consider it to be in the interests of our Company and the Shareholders as a whole to dispose of their interest in AMPH and for it to be excluded from our Group.

RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders and Directors confirmed that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors consider that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates (other than the members of our Group) upon the Listing.

Financial independence

We are financially independent of our Controlling Shareholders and their respective close associates. We have sufficient capital and are able to independently obtain banking facilities to operate our business independently, and have adequate resources to support our daily operations. In addition, our Group has an independent financial system and makes financial decisions according to our own business needs. All personal guarantees provided by our Controlling Shareholders on our Group’s borrowings will be fully released and replaced by corporate guarantees to be provided by our Company upon Listing. Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational independence

We have sufficient operational capacity in terms of capital, facilities, premises and employees to operate our business independently. We also have independent access to suppliers and clients.

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities. Our Group had not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their close associates during the Track Record Period. Our Group has also established a set of internal controls procedures to facilitate the effective operation of our business. We also have our own capabilities and personnel to perform all essential administrative functions, including financial and accounting management, invoicing and billing, human resources and information technology. Although Activa Media (S) leased its Singapore office premises from Ms. L. Teo and Mr. V. Teo during the Track Record Period and will continue to do so after Listing, the tenancy agreements signed were on normal commercial terms and the rental for both premises were determined after arm's length negotiation and with reference to prevailing market rate. Further details of these tenancy agreements are set out in the section headed "Connected transactions — Continuing connected transactions" of this prospectus.

Save for AMPH, the entire shareholding of which had been disposed of by our Controlling Shareholders in April 2018, our clients and suppliers are all independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their close associates and have independent access to our suppliers for the provision of services and materials.

Based on the above, our Directors are satisfied that we had been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

Management independence

Although our Controlling Shareholders will maintain controlling interests in our Company upon completion of the Share Offer and the Capitalisation Issue, the day-to-day management and operations of our Group will be the responsibility of all our executive Directors and senior management of our Company. Our Board has five Directors comprising two executive Directors and three independent non-executive Directors. Our Board and senior management operate as a matter of fact independently of our Controlling Shareholders and they are in a position to fully discharge their duties to the Shareholders as a whole after the Listing without reference to our Controlling Shareholders.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant Board meetings of our Company in respect of such transactions and will not be counted in the quorum. In the circumstances where all our executive Directors are required to abstain from voting on board resolutions due to potential conflict of interest, it will fall to our independent non-executive Directors to exercise their business judgement to make decision as our Board. Given the experience of our independent non-executive Directors, details of which are set out in the section headed "Directors and senior management" of this prospectus, our Group believes that the remaining Board can still

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

function properly in the event that all our executive Directors are required to abstain from voting. Our Group has also employed other senior management members who have the experience and calibre to conduct our Group's business.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing our Group's business independently from our Controlling Shareholders.

CONTROLLING SHAREHOLDERS' CONFIRMATION

In preparation for the Listing, on 5 July 2018, Ms. L. Teo and Mr. V. Teo executed the Controlling Shareholders' Confirmation, pursuant to which Ms. L. Teo and Mr. V. Teo confirmed that they are a group of Controlling Shareholders and have voted unanimously in respect of the management, development and operations of each member of our Group in the past and will continue to act as such upon Listing until the Controlling Shareholders' Confirmation is terminated in writing.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

- (a) we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see "Directors and senior management — Directors — Independent non-executive Directors";
- (b) our Company has appointed Altus as our compliance adviser to advise on compliance matters in accordance with the Listing Rules;
- (c) the independent non-executive Directors may appoint an independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the connected transaction(s) at the cost of our Company;
- (d) in the event that there is any potential conflict of interests relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the Listing Rules, be required to declare his/her interests and, where required, abstain from participating in the relevant Board meeting or general meeting and voting on the transaction and not count as quorum where required; and
- (e) in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors either through our annual report or by way of announcements.

CONNECTED TRANSACTIONS

CONNECTED TRANSACTIONS

Prior to Listing, our Group has entered into certain transactions with connected persons of our Company during the Track Record Period. These transactions will continue after the Listing and constitute continuing connected transactions (as defined under the Listing Rules) of our Company. Details of these transactions are set out below.

CONNECTED PERSONS

Ms. L. Teo and Mr. V. Teo are our executive Directors and Controlling Shareholders and as such are connected persons of our Company.

CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions exempted from reporting, announcement and independent Shareholders' approval requirements

During the Track Record Period, Activa Media (S) leased its Singapore office premises from Ms. L. Teo and Mr. V. Teo. On 22 November 2017, Activa Media (S) (as tenant) and Ms. L. Teo and Mr. V. Teo (as landlords) entered into two tenancy agreements. Under the first tenancy agreement ("**Tenancy Agreement 1**"), Ms. L. Teo and Mr. V. Teo (as landlords) agreed to lease and Activa Media (S) (as tenant) agreed to take the office premise situated at 60 Paya Lebar Road, #12-51 Paya Lebar Square, Singapore 409051, for a period of three years commencing from 1 July 2016 and expiring on 30 June 2019, at a total annual rental of S\$46,200 (excluding any applicable goods and services tax, duty or levy) ("**Office Rental 1**"). Under the second tenancy agreement ("**Tenancy Agreement 2**", together with Tenancy Agreement 1, the "**Tenancy Agreements**"), Ms. L. Teo and Mr. V. Teo (as landlords) agreed to lease and Activa Media (S) (as tenant) agreed to take the office premise situated at 60 Paya Lebar Road, #12-52 Paya Lebar Square, Singapore 409051, for a period of three years commencing from 1 July 2016 and expiring on 30 June 2019, at a total annual rental of S\$51,600 (excluding any applicable goods and services tax, duty or levy) ("**Office Rental 2**").

The Tenancy Agreements constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing. As the Tenancy Agreements were entered into within a 12-month period and involve the rental of premises within the same vicinity from the same connected persons, pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Tenancy Agreements shall be aggregated and treated as if they were one transaction ("**Aggregated Transactions**"). The total annual rental under the Tenancy Agreements were nil, S\$97,800, S\$97,800 and S\$48,900 for FY2016, FY2017, FY2018 and 6M FY2019, respectively.

Both Office Rental 1 and Office Rental 2 were determined after arm's length negotiation and with reference to the prevailing market rate. In light of the above, our Directors (including our independent non-executive Directors) consider that the Tenancy Agreements are (i) entered into on normal commercial terms or better to our Group; (ii) fair and reasonable; and (iii) in our Group's and our Shareholders' interest as a whole.

As all applicable percentage ratios on an annual basis fall below 5% and the total consideration is less than HK\$3 million, the Aggregated Transactions fall within the de minimis transaction exemption under Rule 14A.76(1)(c) of the Listing Rules and are not subject to any reporting, announcement or independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SHARE CAPITAL

SHARE CAPITAL

The authorised and issued share capital of our Company fully paid up or credited as fully paid up immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme) are as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
10,000,000,000	Shares of HK\$0.01 each	<u>100,000,000</u>
 <i>Shares in issue or to be issued, fully paid or credited as fully paid:</i>		
100	Shares in issue as at the date of this prospectus	1
599,999,900	New Shares to be issued pursuant to Capitalisation Issue (<i>Note</i>)	5,999,999
<u>200,000,000</u>	New Shares to be issued pursuant to the Share Offer	<u>2,000,000</u>
<u>800,000,000</u>	Total Shares	<u>8,000,000</u>

Note: Pursuant to the written resolutions of the sole Shareholder passed on 3 June 2019, conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise the amount of HK\$5,999,999 from the amount standing to the credit of the share premium account of our Company and to apply such amount in paying up in full at par a total of 599,999,900 new Shares for allotment and issue to Aactiva Media Investment, as the sole Shareholder of our Company at the close of business on 3 June 2019.

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Share Offer and the Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of our issued share capital in the hands of the public (as defined in the Listing Rules).

SHARE CAPITAL

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the written resolutions of the sole Shareholder passed on 3 June 2019, subject to the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to allot and issue a total of 599,999,900 new Shares to the existing Shareholder, credited as fully paid at par, by way of capitalisation of the sum of HK\$5,999,999 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the Shares in issue (save for the right to participate in the Capitalisation Issue).

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole Shareholder passed on 3 June 2019, our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed “Further information about our Directors and substantial Shareholders — 14. Share Option Scheme” in Appendix V to this prospectus.

GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure and conditions of the Share Offer” of this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to, among other things, allot, issue and deal with Shares and to make or grant offers, agreements or options which would or might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders in general meeting) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and
- (b) the aggregate nominal value of the share capital of our Company repurchased pursuant to the authority granted to our Directors as referred to in the paragraph headed “General mandate to repurchase Shares”.

SHARE CAPITAL

This general mandate to issue Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied or renewed by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed “Further information about our Group — 4. Written resolutions of the sole Shareholder passed on 3 June 2019” in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the section headed “Structure and conditions of the Share Offer” of this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase on the Stock Exchange or on any other stock exchange(s) on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares representing up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange(s) on which the Shares are listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “Further information about our Group — 6. Repurchase by our Company of our own securities” in Appendix V to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required under the Articles or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied or renewed by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed “Further information about our Group — 6. Repurchase by our Company of our own securities” in Appendix V to this prospectus.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase our share capital; (ii) consolidate our capital into shares of larger amount; (iii) divide the Shares into several classes; (iv) subdivide the Shares into shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Companies Law, reduce the share capital or capital redemption reserve by our Shareholders passing a special resolution. For further details, please refer to the paragraph headed “2. Articles of Association — (a) Shares — (iii) Alteration of capital” in Appendix IV to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Shares or any class of shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. For further details, please refer to the paragraph headed “2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares” in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), based on the information available on the Latest Practicable Date, the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/ Nature of interest	Number of Shares held immediately after completion of the Share Offer and the Capitalisation Issue (<i>Note 1</i>)	Percentage of shareholding immediately after completion of the Share Offer and the Capitalisation Issue
Activa Media Investment	Beneficial owner (<i>Note 2</i>)	600,000,000 (L)	75%
Ms. L. Teo	Interest of controlled corporation (<i>Note 2</i>)	600,000,000 (L)	75%
Mr. V. Teo	Interest of controlled corporation (<i>Note 2</i>)	600,000,000 (L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the relevant Shares.
2. All the issued shares of Activa Media Investment are legally and beneficially owned as to 50% and 50% by, our executive Directors, Ms. L. Teo and Mr. V. Teo, respectively. Ms. L. Teo and Mr. V. Teo are therefore deemed to be interested in all the Shares held by Activa Media Investment by virtue of the SFO. Ms. L. Teo, Mr. V. Teo and Activa Media Investment together are a group of Controlling Shareholders.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SUBSTANTIAL SHAREHOLDERS

UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings in respect of the Shares held by them to our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriter and the Stock Exchange, details of which are set out in the section headed “Underwriting” of this prospectus. Our Controlling Shareholders and our Company have also given undertakings in respect of the Shares to the Stock Exchange as required by Rules 10.07(1) and 10.08 of the Listing Rules, respectively.

FINANCIAL INFORMATION

Prospective investors should read this section in conjunction with our audited combined financial statements, including the notes thereto, as set out in the Accountants' Report in Appendix I to this prospectus. Our Group's combined financial statements have been prepared in accordance with the accounting policies which conform with IFRSs.

Prospective investors should read the entire Accountants' Report and not merely rely on the information contained in this section. The following discussion and analysis contained certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risk and uncertainties over which our Group does not have control. For further information, prospective investor should refer to the section headed "Risk factors" of this prospectus.

1. OVERVIEW

We, as one of the earliest participants in the provision of online marketing services in Singapore, have been helping businesses build web presence and reach out to potential clients via online platforms since June 2005. During the Track Record Period, we served a wide spectrum of advertisers across various business sectors, including professional services, general services as well as automotive and industrial, to name but a few, in Singapore and Malaysia. According to the Frost & Sullivan Report, we ranked first among all online marketing service providers with approximately 7.2% market share of the online marketing industry in Singapore in FY2018, and approximately 1.7% market share of the overall marketing industry in Singapore in FY2018.

During the Track Record Period, we derived revenue mainly from (i) search engine marketing services; (ii) creative and technology services; and (iii) social media marketing services. During the Track Record Period, our Group achieved consistent revenue growth from approximately S\$17.2 million for FY2016 to approximately S\$20.7 million for FY2017 and further to approximately S\$26.6 million for FY2018. Profit for the year on the other hand recorded growth from approximately S\$2.9 million for FY2016 to approximately S\$3.2 million for FY2017 and further to approximately S\$4.0 million for FY2018. Our revenue also recorded growth from approximately S\$12.5 million for 6M FY2018 to approximately S\$14.0 million for 6M FY2019 while profit for the period after adjusting for listing expenses was approximately S\$2.4 million and S\$2.5 million for 6M FY2018 and 6M FY2019, respectively. Please refer to the paragraphs headed "5.1 Revenue" and "5.10 Profit for the year/period" under this section for details of our Group's revenue and profit for the year/period.

2. BASIS OF PRESENTATION AND PREPARATION

The financial information has been prepared by our Directors based on accounting policies that conform with IFRSs which includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB, on the basis of presentation as set out in note 2 of the Accountants' Report contained in Appendix I to this prospectus, and no adjustments have been made in preparing the financial information.

3. CRITICAL ACCOUNTING POLICIES

The preparation of financial information is in conformity with IFRSs and requires our management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our significant accounting policies and estimates which are important for an understanding of our financial conditions and results of operations are set forth in notes 4 and 5 of the Accountants' Report contained in Appendix I to this prospectus.

Effect on the adoption of IFRS 15, IFRS 9 and IFRS 16

Our Group has consistently applied IFRS 15 "Revenue from Contracts with Customers", which are effective for the accounting period beginning on 1 July 2018, throughout the Track Record Period. The application of IFRS 15 did not have significant impact on the financial position and performance of our Company compared to the requirements of IAS 18.

Our Group has also applied IFRS 9 "Financial Instruments", which are effective for the accounting period beginning on 1 July 2018. The application of IFRS 9 did not have significant impact on our Company's financial position and performance compared to the requirements of IAS39.

Our Group will apply IFRS 16 "Leases", which are effective for the accounting period beginning on 1 July 2019. Upon application of IFRS 16, our Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the statement of profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. Based on facts and circumstances as at 31 December 2018, our Directors do not expect the application of IFRS 16 to have a material impact on the financial position and financial performance of our Group.

FINANCIAL INFORMATION

4. SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those discussed below and in the section headed “Risk factors” of this prospectus, some of which are beyond our control.

(i) Fluctuation of management fees charged to our clients for search engine marketing services and social media marketing services

For every contract entered into with our clients for search engine marketing services and social media marketing services, we charge certain percentage of the contract value as our management fee while the remaining part is paid to our suppliers for cost of ad space procurement. For FY2016, FY2017, FY2018, 6M FY2018 and 6M FY2019, approximately S\$10.0 million, S\$12.5 million, S\$15.0 million, S\$7.5 million and S\$8.6 million were paid to search engines and social media platforms as cost of ad space procurement for our search engine marketing services and social media marketing services, representing approximately 91.4%, 92.4%, 92.9%, 92.1% and 92.9% of our cost of services, respectively. The management fee percentage is determined according to our pricing policy. For details of our pricing policy, please refer to the section headed “Business — 7. Sales and marketing — Pricing policy” of this prospectus. Our overall management fee percentage has been stable during the Track Record Period. However, we cannot assure that the management fee percentage will remain stable in the future.

The table below sets forth the sensitivity analysis of the management fees charged to our clients on our gross profit and profit for the year/period during the Track Record Period with all other variables held constant for illustrative purpose.

For FY2016

	Changes in percentage of management fees					
(S\$'000)	-15%	-10%	-5%	5%	10%	15%
Change in gross profit	(2,151)	(1,434)	(717)	717	1,434	2,151
Change in profit for the year	(1,785)	(1,190)	(595)	595	1,190	1,785

For FY2017

	Changes in percentage of management fees					
(S\$'000)	-15%	-10%	-5%	5%	10%	15%
Change in gross profit	(2,688)	(1,792)	(896)	896	1,792	2,688
Change in profit for the year	(2,231)	(1,487)	(744)	744	1,487	2,231

FINANCIAL INFORMATION

For FY2018

(S\$'000)	Changes in percentage of management fees					
	-15%	-10%	-5%	5%	10%	15%
Change in gross profit	(3,217)	(2,145)	(1,072)	1,072	2,145	3,217
Change in profit for the year	(2,670)	(1,780)	(890)	890	1,780	2,670

For 6M FY2018

(S\$'000)	Changes in percentage of management fees					
	-15%	-10%	-5%	5%	10%	15%
Change in gross profit	(1,609)	(1,073)	(536)	536	1,073	1,609
Change in profit for the period	(1,336)	(890)	(445)	445	890	1,336

For 6M FY2019

(S\$'000)	Changes in percentage of management fees					
	-15%	-10%	-5%	5%	10%	15%
Change in gross profit	(1,833)	(1,222)	(611)	611	1,222	1,833
Change in profit for the period	(1,522)	(1,015)	(507)	507	1,015	1,522

(ii) Our ability to manage and retain talents

As an online marketing service provider, human resources management is the key to our success. During the Track Record Period, we retained a management team with extensive industry experiences and a responsive and creative workforce that contributed to the stability and expansion of our Group's operations. The loss of any of our key personnel and other experienced and competent staff can be detrimental to our ongoing operations as we may be unable to replace them in a timely or effective manner. Our success is also dependent on our ability to attract and retain experienced and competent personnel, in particular sales staff, in order to manage our existing operations, expand our client base as well as our future growth.

To retain our employees, we offer attractive remuneration packages and create an open corporate culture. For FY2016, FY2017, FY2018, 6M FY2018 and 6M FY2019, our staff costs, sales commission and directors' emoluments (collectively, the "**Remuneration Costs**") amounted to approximately S\$2.7 million, S\$3.2 million, S\$3.4 million, S\$1.7 million and S\$1.8 million, respectively, representing approximately 15.5%, 15.5%, 12.9%, 13.9% and 12.6% of our revenue, respectively. The overall increase in the Remuneration Costs corresponded to our general increase in headcount during the Track Record Period.

FINANCIAL INFORMATION

5. RESULTS OF OPERATIONS

The following table summarises our combined statements of profit or loss and other comprehensive income for the Track Record Period, which is extracted from and should be read in conjunction with the Accountants' Report set out in Appendix I to this prospectus.

Summary of combined statements of profit or loss and other comprehensive income

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>	
Revenue	17,248	20,732	26,554	12,532	14,017
Cost of services	(10,976)	(13,584)	(16,161)	(8,152)	(9,210)
Gross profit	6,272	7,148	10,393	4,380	4,807
Other income	220	253	244	127	115
Other gains or losses	(88)	(42)	11	96	(24)
Selling expenses	(733)	(1,195)	(1,293)	(668)	(580)
General and administrative expenses	(2,317)	(2,308)	(2,327)	(1,103)	(1,299)
Listing expenses	—	—	(1,816)	(627)	(794)
Finance costs	(51)	(87)	(85)	(65)	(21)
Profit before taxation	3,303	3,769	5,127	2,140	2,204
Income tax expense	(447)	(527)	(1,142)	(405)	(495)
Profit for the year/period	<u>2,856</u>	<u>3,242</u>	<u>3,985</u>	<u>1,735</u>	<u>1,709</u>

Our Group recorded growth in revenue and profit during the Track Record Period. Such growth was mainly driven by the increase in awareness of the effectiveness of online marketing among advertisers. Such increase was in line with the general market trend spotted by Frost & Sullivan that advertisers are becoming more confident and convinced in the effectiveness of online marketing, driving the growth of the online marketing services in Singapore. Please refer to the paragraph headed “5.1 Revenue” in this section for details of our Group’s revenue.

5.1 Revenue

We generated revenue of approximately S\$17.2 million, S\$20.7 million, S\$26.6 million, S\$12.5 million and S\$14.0 million for FY2016, FY2017, FY2018, 6M FY2018 and 6M FY2019, respectively. During the Track Record Period, we derived our revenue from online marketing services consisting of: (i) search engine marketing services; (ii) creative and technology services; and (iii) social media marketing services.

FINANCIAL INFORMATION

5.1.1 Revenue analysis by service categories and client sectors

The following table sets forth our revenue breakdown by the three categories of our online marketing services provided to clients for the years/periods indicated:

	2016		Year ended 30 June 2017		2018		Six months ended 31 December 2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Search engine marketing services	14,225	82.5	17,784	85.8	22,043	83.0	10,765	85.9	11,916	85.0
Creative and technology services	2,973	17.2	2,647	12.8	3,776	14.2	1,413	11.3	1,684	12.0
— Search engine optimisation	962	5.6	1,124	5.4	2,487	9.4	618	4.9	917	6.5
— Website development and hosting	1,003	5.8	979	4.7	719	2.7	362	2.9	340	2.4
— Other services	1,008	5.8	544	2.7	570	2.1	433	3.5	427	3.1
Social media marketing services	50	0.3	301	1.4	735	2.8	354	2.8	417	3.0
Total	17,248	100.0	20,732	100.0	26,554	100.0	12,532	100.0	14,017	100.0

The following table sets forth our revenue breakdown by client sectors for the years/periods indicated:

	2016		Year ended 30 June 2017		2018		Six months ended 31 December 2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Professional services (Note 1)	7,956	46.1	10,075	48.6	11,377	42.8	5,343	42.6	5,780	41.2
General services (Note 2)	3,840	22.3	4,518	21.8	5,971	22.5	2,811	22.5	3,128	22.3
Automotive and industrial	2,758	16.0	3,279	15.8	3,948	14.9	2,059	16.4	1,516	10.8
Beauty and wellness	1,082	6.3	717	3.4	1,019	3.8	492	3.9	552	4.0
Food and beverage	431	2.5	778	3.8	1,050	4.0	347	2.8	408	2.9
Others (Note 3)	1,181	6.8	1,365	6.6	3,189	12.0	1,480	11.8	2,633	18.8
Total	17,248	100.0	20,732	100.0	26,554	100.0	12,532	100.0	14,017	100.0

Notes:

- (1) Revenue from the medical field accounted for approximately 90.3%, 84.8%, 88.0%, 86.2% and 91.6% of the revenue generated from clients in the professional services sector for FY2016, FY2017, FY2018, 6M FY2018 and 6M FY2019, respectively. The remaining revenue was attributed to clients from the law and accounting field.
- (2) General services mainly include the education sector, renovation and fitting-out sector and other general services providers such as consultants, financial institutions and pest control companies.
- (3) Others mainly include the retail and entertainment sectors.

FINANCIAL INFORMATION

FY2017 compared to FY2016

For FY2016 and FY2017, search engine marketing services remained as our largest revenue contributor, accounting for approximately 82.5% and 85.8% of our revenue for these two years, respectively. Given their usage and reach, search engines have become an inevitable platform for online marketing as it is commonly used by the general public to search for information on the Internet. In line with the overall increase in awareness of the effectiveness of online marketing, demand for our search engine marketing services increased during FY2017 and our Group also hired additional sales staff in response to such increased demand. As a result, our revenue generated from search engine marketing services increased from approximately S\$14.2 million for FY2016 to approximately S\$17.8 million for FY2017, representing a growth of approximately 25.0%.

Unlike our search engine marketing services and social media marketing services, which by nature are more likely to be recurring, our creative and technology services are mostly on project basis and the revenue generated therefrom is dependent on the project specifications and the number of projects secured during the year. As a result, our revenue generated from creative and technology services may fluctuate from period to period and it slightly decreased from approximately S\$3.0 million for FY2016 to approximately S\$2.6 million for FY2017, which was mainly due to the decrease in revenue derived from other creative and technology services from approximately S\$1.0 million for FY2016 to approximately S\$0.5 million for FY2017. The decrease in revenue derived from other creative and technology services was mainly due to the decrease in number of clients which required print advertisement services.

Our revenue generated from social media marketing services increased significantly by approximately five times from approximately S\$50,000 for FY2016 to approximately S\$301,000 for FY2017, which recorded the strongest growth among our three revenue segments. Such revenue growth was in line with the increasing popularity of social media platforms among the Internet users due to its interactive features. Considering the reach and usage of social media platforms, our Directors believe that it is more appropriate and effective for a certain group of clients, particularly for clients in the beauty and wellness sector as well as the food and beverage sector to adopt social media marketing services.

For FY2016 and FY2017, we generated approximately S\$8.0 million and S\$10.1 million revenue from clients in the professional services sector, representing approximately 46.1% and 48.6% of our revenue, respectively. Among the professional services sector, clients from medical field are our largest revenue contributors, followed by other professional services such as legal and accounting services. Our Group recorded increase in revenue generated from all client sectors except for the beauty and wellness sector, whose revenue contribution decreased from approximately S\$1.1 million for FY2016 to approximately S\$0.7 million for FY2017. Such decrease was mainly because one of our clients opted not to renew the contract upon maturity.

FINANCIAL INFORMATION

FY2018 compared to FY2017

For FY2018, search engine marketing services remained as our largest revenue contributor, and its revenue increased from approximately S\$17.8 million for FY2017 to approximately S\$22.0 million for FY2018, representing a growth of approximately 23.9%. Such increase resulted from constant growing demand from our clients on search engine marketing services due to the continuous increase in awareness of the effectiveness of online marketing.

Revenue generated from creative and technology services increased from approximately S\$2.6 million for FY2017 to approximately S\$3.8 million for FY2018. Such increase was mainly due to the increase in revenue derived from search engine optimisation from approximately S\$1.1 million for FY2017 to approximately S\$2.5 million for FY2018, which was in turn due to the increase in number of search engine optimisation projects from 62 for FY2017 to 146 for FY2018.

Our revenue generated from social media marketing services recorded a strong growth at approximately 144.2% from approximately S\$0.3 million for FY2017 to approximately S\$0.7 million for FY2018 primarily due to the continuous increase in popularity of social media platforms.

For FY2017 and FY2018, we generated approximately S\$10.1 million and S\$11.4 million from clients in the professional services sector, representing approximately 48.6% and 42.8% of our revenue, respectively. Among the professional services sector, clients from medical field continued to be the largest revenue contributor, followed by other professional services such as legal and accounting services. There was a general increase in revenue generated from all client sectors.

6M FY2019 compared to 6M FY2018

For 6M FY2019, search engine marketing services continued to be our largest revenue contributor. Revenue from search engine marketing services amounted to approximately S\$11.9 million for 6M FY2019, representing an increase of approximately 10.7% from approximately S\$10.8 million for 6M FY2018. Such increase was mainly attributable to the increase in revenue from Malaysia for search engine marketing services. The lower growth rate as compared to previous years was mainly due to lower growth in revenue from new clients for search engine marketing services from 6M FY2018 to 6M FY2019 as compared to previous years. Revenue generated from creative and technology services increased from approximately S\$1.4 million for 6M FY2018 to approximately S\$1.7 million for 6M FY2019. Such increase was mainly due to the increase in revenue from search engine optimisation as a result of the increase in number of search engine optimisation projects from 49 for 6M FY2018 to 69 for 6M FY2019. Revenue generated from social media marketing services also increased from approximately S\$354,000 for 6M FY2018 to approximately S\$417,000 for 6M FY2019, representing a growth of approximately 17.8%. Such increase was mainly resulted from the increase in revenue from Malaysia for social media marketing services.

FINANCIAL INFORMATION

For 6M FY2018 and 6M FY2019, we generated revenue of approximately S\$5.3 million and S\$5.8 million from clients in the professional services sector, representing approximately 42.6% and 41.2% of our revenue, respectively. Among the professional services sector, revenue generated from clients from medical field accounted for approximately 86.2% and 91.6% for 6M FY2018 and 6M FY2019 respectively. Compared to 6M FY2018, revenue generated from automotive and industrial sector for 6M FY2019 decreased from approximately S\$2.1 million to approximately S\$1.5 million while revenue generated from others increased from approximately S\$1.5 million to approximately S\$2.6 million mainly due to the increase in revenue from advertisers in retail sector.

5.1.2 Revenue analysis by geographical locations

	Year ended 30 June			Six months ended	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>	
Singapore	16,356	19,153	23,455	11,037	11,583
Malaysia	<u>892</u>	<u>1,579</u>	<u>3,099</u>	<u>1,495</u>	<u>2,434</u>
Total	<u><u>17,248</u></u>	<u><u>20,732</u></u>	<u><u>26,554</u></u>	<u><u>12,532</u></u>	<u><u>14,017</u></u>

Majority of our Group's revenue during the Track Record Period was generated in Singapore. Our revenue generated in Singapore increased by approximately 17.1% from FY2016 to FY2017, approximately 22.5% from FY2017 to FY2018 and approximately 4.9% from 6M FY2018 to 6M FY2019. The increases in revenue generated in Singapore in FY2017, FY2018 and 6M FY2019 were primarily attributable to constant growing demand from our Singapore clients for online marketing services. According to the Frost & Sullivan Report, online marketing expenditure in Singapore increased at CAGR of approximately 7.3% from 2013 to 2017 and is expected to increase at CAGR of approximately 6.7% from 2018 to 2023. Our revenue generated in Malaysia significantly increased by approximately 77.0% from FY2016 to FY2017, approximately 96.3% from FY2017 to FY2018 and approximately 62.8% from 6M FY2018 to 6M FY2019. Increase in revenue generated in Malaysia in FY2017 was largely due to the increase in revenue generated from our search engine marketing services, especially from repeated clients in education sector under general services, while increase in revenue from Malaysia in FY2018 was due to the increase in revenue generated from new clients during FY2018. Increase in revenue from Malaysia in 6M FY2019 compared to 6M FY2018 was mainly resulted from increase in revenue from search engine marketing services and social media marketing services. According to the Frost & Sullivan Report, online marketing expenditure in Malaysia increased at CAGR of approximately 7.4% from 2013 to 2017, and is expected to increase at CAGR of approximately 7.7% from 2018 to 2023, representing stronger growth than Singapore. Our Group intends to further expand the operation scale in Malaysia. For more details of our expansion plan in Malaysia, please refer to the section headed "Future plans and use of proceeds" of this prospectus.

FINANCIAL INFORMATION

5.2 Cost of services

Our cost of services was the major expenditure item of our Group during the Track Record Period, amounting to approximately S\$11.0 million, S\$13.6 million, S\$16.2 million, S\$8.2 million and S\$9.2 million for FY2016, FY2017, FY2018, 6M FY2018 and 6M FY2019, respectively. The following table sets forth a breakdown of our cost of services by the categories of online marketing services for the years/periods indicated:

	2016		Year ended 30 June				Six months ended 31 December			
	S\$'000	%	2017	%	2018	%	2017	%	2018	%
			S\$'000		S\$'000		S\$'000		S\$'000	
							(unaudited)			
Search engine marketing services	10,329	94.1	12,776	94.0	15,062	93.2	7,538	92.5	8,547	92.8
— Ad space procurement	9,993	91.0	12,379	91.1	14,637	90.6	7,315	89.7	8,335	90.5
— Staff costs	336	3.1	397	2.9	425	2.6	223	2.8	212	2.3
Creative and technology services	603	5.5	522	3.9	599	3.7	341	4.2	375	4.1
— Ad space procurement	151	1.4	148	1.1	148	0.9	115	1.4	132	1.4
— Supporting services	98	0.9	103	0.8	103	0.6	54	0.7	52	0.6
— Staff costs	354	3.2	271	2.0	348	2.2	172	2.1	191	2.1
Social media marketing services	44	0.4	286	2.1	500	3.1	273	3.3	288	3.1
— Ad space procurement	43	0.4	166	1.2	374	2.3	195	2.4	222	2.4
— Staff costs	1	0.0	120	0.9	126	0.8	78	0.9	66	0.7
Total	<u>10,976</u>	<u>100.0</u>	<u>13,584</u>	<u>100.0</u>	<u>16,161</u>	<u>100.0</u>	<u>8,152</u>	<u>100.0</u>	<u>9,210</u>	<u>100.0</u>

Our cost of services increased by approximately 23.8% from FY2016 to FY2017, approximately 19.0% from FY2017 to FY2018 and approximately 13.0% from 6M FY2018 to 6M FY2019. Such increases were generally in line with the increases in our revenue during the Track Record Period.

5.2.1 Search engine marketing services

Our cost of services in relation to search engine marketing services during the Track Record Period included costs for ad space procurement paid to search engines and staff costs. Approximately 89.2%, 90.6%, 90.1%, 89.3% and 90.1% of our cost of services was paid to our largest supplier during the Track Record Period. Staff costs in search engine marketing services relate to staff in digital marketing team, who are responsible for setting up and managing search engine marketing campaigns.

5.2.2 Creative and technology services

Our cost of services in relation to creative and technology services during the Track Record Period mainly included costs for ad space procurement paid to magazine publishers, costs for supporting services paid to domain hosts and call tracking services providers and staff costs. Staff costs in creative and technology services relate to staff who assist in website development and search engine optimisation.

FINANCIAL INFORMATION

5.2.3 Social media marketing services

Our cost of services in relation to social media marketing services during the Track Record Period included costs for ad space procurement paid to social media platforms and staff costs. Staff costs in social media marketing services relate to staff in digital marketing team, who are responsible for setting up and managing social media marketing campaigns. Minimal staff costs for social media marketing services were recorded in FY2016 because we only decided to expand our social media marketing services in FY2017. Prior to our expansion in social media marketing services in FY2017, social media marketing campaigns were handled by staff who were also responsible for setting up and managing search engine marketing campaigns. During FY2017, we formed a team to focus on providing social media marketing services and our staff costs in social media marketing services increased accordingly.

5.3 Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin of each category of online marketing services for the years/periods indicated:

	Year ended 30 June				Six months ended 31 December					
	2016		2017		2018		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Search engine marketing services	3,896	27.4	5,008	28.2	6,981	31.7	3,227	30.0	3,369	28.3
Creative and technology services	2,369	79.7	2,125	80.3	3,177	84.1	1,072	75.9	1,309	77.7
— Search engine optimisation	772	80.2	937	83.4	2,230	89.7	490	79.3	776	84.6
— Website development and hosting	775	77.3	828	84.6	582	80.9	294	81.2	263	77.4
— Other services	822	81.5	360	66.3	365	64.0	288	66.5	269	63.0
Social media marketing services	7	14.0	15	5.0	235	32.0	81	22.9	129	30.9
Total:	6,272	36.4	7,148	34.5	10,393	39.1	4,380	35.0	4,807	34.3

Our gross profit was approximately S\$6.3 million, S\$7.1 million and S\$10.4 million, representing gross profit margin of approximately 36.4%, 34.5% and 39.1% for FY2016, FY2017 and FY2018, respectively. Our gross profit was approximately S\$4.4 million and S\$4.8 million, representing gross profit margin of approximately 35.0% and 34.3% for 6M FY2018 and 6M FY2019, respectively.

FINANCIAL INFORMATION

Our gross profit increased from approximately S\$6.3 million for FY2016 to approximately S\$7.1 million for FY2017, which was in line with our increase in revenue. However, our Group recorded decrease in gross profit margin from approximately 36.4% for FY2016 to approximately 34.5% for FY2017, which was mainly due to higher staff costs recorded for social media marketing services as we expanded the team. As time was required to familiarise ourselves with the offerings of social media platforms, we did not record a corresponding rise in revenue in FY2017. Such investment in time, resources and efforts was validated by the significant increase in gross profit margin for social media marketing services from approximately 5.0% for FY2017 to approximately 32.0% for FY2018. Our gross profit margin for social media marketing services continued to increase from approximately 22.9% for 6M FY2018 to approximately 30.9% for 6M FY2019, which was mainly due to increase in revenue from social media marketing services and decrease in associated staff cost as a result of lower average salary due to staff turnover.

Gross profit margin for search engine marketing services was generally higher than that for social media marketing services, which was primarily attributable to our expertise in delivering search engine marketing services and therefore higher efficiency in providing services. Gross profit margin for search engine marketing services remained relatively stable for FY2017 as compared with FY2016, while it increased from approximately 28.2% for FY2017 to approximately 31.7% for FY2018, and was the main driver for our overall gross profit margin improvement for the same period. Such increase was mainly due to the launch of AM+ during FY2018 which has improved our efficiency in delivering search engine marketing services and further enhanced our value in such services. For further details of AM+, please refer to the section headed “Business — 10. Information technology” of this prospectus. Our gross profit margin for search engine marketing services remained relatively stable for 6M FY2018 and 6M FY2019.

Compared to search engine marketing services and social media marketing services, creative and technology services recorded much higher gross profit margin in general. Such high gross profit margin was primarily because majority of the costs associated with creative and technology services were internal costs such as staff costs, over which we have sufficient control. Our gross profit margin for creative and technology services recorded an increasing trend during the Track Record Period. Within creative and technology services, the gross profit margin of search engine optimisation increased during the Track Record Period mainly due to the increase in revenue derived from such segment during the Track Record Period while we had sufficient control over staff costs, being the major cost component of search engine optimisation. For website development and hosting, the gross profit margin fluctuated during the Track Record period, which was mainly due to fluctuation in both revenue generated from and staff costs related to website development and hosting during the Track Record Period. For other services, which mainly included print advertisement services, the gross profit margin decreased during the Track Record Period. The decrease was mainly due to the decrease in revenue derived from print advertisement services whilst costs associated with print publications remained at a stable level.

5.4 Other income

Our other income consisted of (i) government grant received from the Singapore government for the employment of Singapore citizens; and (ii) rental income. For FY2016, FY2017 and FY2018, our other income remained relatively stable at approximately S\$0.2 million, S\$0.3 million and S\$0.2 million, respectively. Our other income remained relatively stable at approximately S\$0.1 million for 6M FY2018 and 6M FY2019.

FINANCIAL INFORMATION

5.5 Other gains or losses

Our other gains or losses consisted of net exchange gains or losses arising from our Malaysia subsidiary. This is because normally ad space procurement costs charged by majority of our suppliers are denominated in S\$ while our Malaysia subsidiary's functional currency is MYR. Our other losses decreased by approximately 52.3% from approximately S\$88,000 for FY2016 to approximately S\$42,000 for FY2017. We recorded a gain of approximately S\$11,000 for FY2018. We recorded other gains of approximately S\$96,000 for 6M FY2018 while we recorded a loss of approximately S\$24,000 for 6M FY2019. The fluctuations of our other gains or losses were primarily due to the movement of exchange rates of S\$ against MYR.

5.6 Selling expenses

Our selling expenses primarily consisted of staff costs and sales commission for our sales personnel, and marketing related expenses directly related to our sales and marketing activities. For FY2016, FY2017 and FY2018, our selling expenses were approximately S\$0.7 million, S\$1.2 million and S\$1.3 million, respectively, representing approximately 4.2%, 5.8% and 4.9% of our revenue, respectively. For 6M FY2018 and 6M FY2019, our selling expenses were approximately S\$0.7 million and S\$0.6 million, respectively, representing approximately 5.3% and 4.1% of our revenue, respectively.

The following table sets forth a breakdown of our selling expenses for the years/periods indicated:

	Year ended 30 June						Six months ended 31 December			
	2016		2017		2018		2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Salaries and commissions	627	85.6	997	83.5	990	76.6	495	74.1	456	78.6
Marketing expenses	106	14.4	198	16.5	303	23.4	173	25.9	124	21.4
Total	733	100.0	1,195	100.0	1,293	100.0	668	100.0	580	100.0

Our selling expenses increased by approximately 63.0% from approximately S\$0.7 million for FY2016 to approximately S\$1.2 million for FY2017. The increase was primarily attributable to the increase in the number of our sales personnel and marketing related expenses, which was generally in line with the increase in revenue. Selling expenses subsequently increased to approximately S\$1.3 million for FY2018 mainly due to the increase in marketing related expenses as our business expanded. Our selling expenses decreased from approximately S\$0.7 million for 6M FY2018 to approximately S\$0.6 million for 6M FY2019 mainly due to less sales commissions paid and less marketing related expenses incurred for 6M FY2019 as compared to 6M FY2018.

FINANCIAL INFORMATION

5.7 General and administrative expenses

Our general and administrative expenses primarily consisted of staff costs, depreciation, rental expenses, entertainment expenses and office expenses. For FY2016, FY2017 and FY2018, our general and administrative expenses were approximately S\$2.3 million, S\$2.3 million and S\$2.3 million, representing approximately 13.4%, 11.1% and 8.8% of our revenue, respectively. For 6M FY2018 and 6M FY2019, our general and administrative expenses were approximately S\$1.1 million and S\$1.3 million, representing approximately 8.8% and 9.3% of our revenue, respectively. Increase in general and administrative expenses from 6M FY2018 to 6M FY2019 was mainly attributable to the purchase of Directors' insurance during 6M FY2019. The table below illustrates our general and administrative expenses for the years/periods indicated. Our general and administrative expenses remained relatively stable during the Track Record Period.

	Year ended 30 June						Six months ended 31 December			
	2016		2017		2018		2017		2018	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	<i>(unaudited)</i>									
Staff costs	1,348	58.2	1,434	62.1	1,530	65.7	773	70.1	848	65.3
Depreciation	95	4.1	133	5.8	133	5.7	64	5.8	64	4.9
Rental expenses	280	12.1	186	8.1	130	5.6	68	6.2	62	4.8
Entertainment expenses	298	12.8	116	5.0	95	4.1	40	3.6	33	2.5
Office expenses	120	5.2	120	5.2	92	4.0	46	4.2	39	3.0
Others	176	7.6	319	13.8	347	14.9	112	10.1	253	19.5
Total	2,317	100.0	2,308	100.0	2,327	100.0	1,103	100.0	1,299	100.0

5.8 Finance costs

Finance costs comprised interest charges on bank borrowings. Our finance costs increased by approximately 70.6% from approximately S\$51,000 for FY2016 to S\$87,000 for FY2017. Our finance costs remained relatively stable at approximately S\$85,000 for FY2018. Our finance costs for 6M FY2018 and 6M FY2019 were approximately S\$65,000 and S\$21,000, respectively. The fluctuation in our finance costs during the Track Record Period was primarily attributable to the fluctuation in the effective interest rates of our bank loan, which ranged between 1.94% to 2.80% per annum as at 30 June 2016, 2.74% to 3.83% per annum as at 30 June 2017, 1.68% to 6.50% per annum as at 30 June 2018, 1.68% to 6.50% per annum as at 31 December 2017 and 1.68% to 2.48% per annum as at 31 December 2018.

5.9 Income tax expense

Our income tax expense primarily consisted of provision for Singapore current income tax expense. Our effective tax rates, calculated as the income tax expense divided by the profit before income tax, were approximately 13.5%, 14.0%, 22.3%, 18.9% and 22.5% for FY2016, FY2017, FY2018, 6M FY2018 and 6M FY2019, respectively. The effective tax rates of our Group for FY2016 and FY2017 of approximately 13.5% and 14.0%, respectively, were lower than the standard tax rate of Singapore of 17.0% as our Group enjoyed some tax reliefs and incentives and utilisation of prior years' tax losses for the Malaysia subsidiary.

FINANCIAL INFORMATION

Our Company and subsidiaries are incorporated in different jurisdictions, with different taxation requirements illustrated as follows:

- pursuant to the laws and regulations of the Cayman Islands and the BVI, our Group is not subject to any income tax in the Cayman Islands and the BVI.
- the statutory income tax rate of our two subsidiaries incorporated in Singapore is 17.0%. The statutory income tax rate for our subsidiary incorporated in Malaysia is 24.0%.
- the income taxes imposed on our Group consist of Singapore corporate income tax imposed on Activa Media (S) and Activa Media Consultancy, and Malaysia corporate income tax imposed on Activa Media (M). Except for these entities, no provision for income tax had been made during the Track Record Period as our Company and Activa (BVI) did not have assessable profits subject to income tax during the Track Record Period.

Our Directors confirmed that we have made all required tax filings in all relevant jurisdictions and paid all tax liabilities that have become due. As at the Latest Practicable Date, our Directors were not aware of any dispute or potential dispute with any tax authorities.

Our income tax expense increased by approximately 17.9% from approximately S\$0.4 million for FY2016 to approximately S\$0.5 million for FY2017. This increase was primarily due to increase in taxable profits of our Group. Our effective tax rate increased from approximately 13.5% for FY2016 to approximately 14.0% for FY2017 as the corporate tax rebate for Singapore incorporated entities of 40.0% (capped at S\$15,000) for FY2017 was lower than the corporate tax rebate for Singapore incorporated entities of 50.0% (capped at S\$25,000) for FY2016.

Our income tax expense increased by approximately 116.7% from approximately S\$0.5 million for FY2017 to approximately S\$1.1 million for FY2018. Such increase was primarily due to increase in taxable profits of our Group. Our effective tax rate increased from approximately 14.0% for FY2017 to approximately 22.3% for FY2018 as (i) the corporate tax rebate for Singapore incorporated entities of 20.0% (capped at S\$10,000) for FY2018 was lower than the corporate tax rebate for Singapore incorporated entities of 40.0% (capped at S\$15,000) for FY2017; and (ii) Activa Media (M) had taxable profit for FY2018, which was subject to a higher tax rate of 24.0% as compared to the Singapore entities, while Activa Media (M) was in tax loss position for FY2017.

Our income tax expense increased from approximately S\$0.4 million for 6M FY2018 to approximately S\$0.5 million for 6M FY2019 and our effective tax rate (excluding listing expenses) increased from approximately 14.6% for 6M FY2018 to approximately 16.5% for 6M FY2019. Such increase was mainly attributable to increase in profit before tax for both Singapore and Malaysia subsidiaries for 6M FY2019.

FINANCIAL INFORMATION

5.10 Profit for the year/period

5.10.1 Profit and net profit margin

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>	
Revenue	17,248	20,732	26,554	12,532	14,017
Profit for the year/period	2,856	3,242	3,985	1,735	1,709
Net profit margin	16.6%	15.6%	15.0%	13.8%	12.2%

Profit for the year increased by approximately 13.5% from approximately S\$2.9 million for FY2016 to approximately S\$3.2 million for FY2017 primarily due to the increase in gross profit as discussed in the paragraph headed “5.3 Gross profit and gross profit margin” above. Despite this, net profit margin decreased from approximately 16.6% for FY2016 to approximately 15.6% for FY2017. Such decrease was mainly attributable to the increase in selling expenses due to our efforts towards talent retention as discussed in the paragraph headed “5.6 Selling expenses” in this section. Profit for FY2018 increased by approximately 22.9% as compared to FY2017, which was in line with the increase in gross profit for FY2018. Despite this, net profit margin slightly decreased to approximately 15.0% for FY2018. Such decrease was mainly attributable to the listing expenses incurred during FY2018, which amounted to approximately S\$1.8 million. Profit for period for 6M FY2019 decreased by approximately 1.5% as compared to 6M FY2018 and net profit margin also decreased from approximately 13.8% for 6M FY2018 to approximately 12.2% for 6M FY2019, which were mainly due to larger amount of listing expenses incurred during 6M FY2019 as compared to 6M FY2018.

5.10.2 Non-IFRS measures

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>	
Profit for the year/period	2,856	3,242	3,985	1,735	1,709
Add: Listing expenses	—	—	1,816	627	794
Adjusted profit for the year/period	2,856	3,242	5,801	2,362	2,503
Adjusted net profit margin	16.6%	15.6%	21.8%	18.8%	17.9%

Note: The adjusted figures are for illustration purpose only and are not required under the IFRSs and are non-Generally Accepted Accounting Principles measures.

FINANCIAL INFORMATION

To supplement the consolidated financial statements of our Group prepared in accordance with IFRS, the non-IFRS measures, namely adjusted profit for the year/period, adjusted net profit margin, as additional financial measures, have been presented in this prospectus. These unaudited non-IFRS financial measures should be considered in addition to, not as a substitute for, measures of our Group's financial performance prepared in accordance with IFRS. Our Directors believe that the presentation of non-IFRS financial measures when shown in conjunction with the corresponding IFRS measures provides useful information to prospective investors regarding financial and business trends relating to our financial conditions and results of operations that could otherwise be distorted by eliminating the impact of items that we do not consider indicative of the performance of our business and/or which we do not expect to be outstanding subsequent to the Listing.

For illustration purpose, adjusted net profit for the year/period is calculated by adding the non-recurring listing expenses to the profit for the year/period and adjusted net profit margin is calculated based on the adjusted net profit divided by the revenue for the corresponding year/period. As a result, the adjusted net profit and net profit margin for FY2018 were approximately S\$5.8 million and 21.8%, respectively. Similarly, the adjusted net profit and net profit margin for 6M FY2019 were approximately S\$2.5 million and 17.9%, respectively. The adjusted net profit and net profit margin for 6M FY2018 were approximately S\$2.4 million and 18.8%, respectively. After adjusting listing expenses, profit for period for 6M FY2019 increased by approximately 6.0% as compared to that of 6M FY2018, mainly due to the increase in gross profit. The adjusted net profit margin decreased slightly from approximately 18.8% for 6M FY2018 to approximately 17.9% for 6M FY2019, which was mainly due to larger amount of general and administrative expenses incurred during 6M FY2019.

6. SELECTED ITEMS OF STATEMENTS OF FINANCIAL POSITION

6.1 Non-current assets

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	91	133	130	111
Investment property	<u>3,267</u>	<u>3,199</u>	<u>3,131</u>	<u>3,097</u>
Total	<u><u>3,358</u></u>	<u><u>3,332</u></u>	<u><u>3,261</u></u>	<u><u>3,208</u></u>

FINANCIAL INFORMATION

Our non-current assets mainly consisted of investment property throughout the Track Record Period. It relates to a leasehold property depreciated over 50 years on a straight-line basis, and it is a leasehold office that is currently leased to an Independent Third Party. Such investment property is situated at the same building as our Group's office premises in Singapore. Our Group purchased this property in 2014 for potential office expansion and the purchase was supported by a mortgage loan provided by our principal bank. In the interim, the property was leased to an Independent Third Party for efficient allocation of resources by lowering finance cost of the mortgage loan.

The carrying amount of the investment property decreased from approximately S\$3.3 million as at 30 June 2016 to approximately S\$3.2 million as at 30 June 2017 and further decreased to approximately S\$3.1 million as at 30 June 2018 and approximately S\$3.1 million as at 31 December 2018 mainly due to depreciation. Please refer to note 17 of the Accountants' Report in Appendix I and the valuation report in Appendix III to this prospectus for details. Please also refer to the paragraph headed "20. Property interest and property valuation" in this section for the reconciliation of amount of investment property as at 31 December 2018 as set forth in Appendix I to this prospectus with the valuation of the property as at 31 March 2019 as set forth in Appendix III to this prospectus.

6.2 Net current assets/(liabilities)

The following table sets forth our current assets and current liabilities as at the dates indicated:

	As at 30 June			As at	As at
	2016	2017	2018	31 December	30 April
	S\$'000	S\$'000	S\$'000	2018	2019
				S\$'000	S\$'000
					(unaudited)
Current assets					
Trade and other receivables	5,309	6,029	6,591	6,146	7,425
Bank balances and cash	<u>1,444</u>	<u>2,332</u>	<u>3,724</u>	<u>4,806</u>	<u>5,361</u>
	6,753	8,361	10,315	10,952	12,786
Current liabilities					
Trade and other payables	2,316	3,237	4,957	4,614	5,378
Contract liabilities	3,243	4,024	3,421	3,119	3,290
Bank borrowings	95	103	124	124	124
Dividend payables	143	414	—	—	—
Income tax payable	<u>1,142</u>	<u>774</u>	<u>1,681</u>	<u>1,267</u>	<u>912</u>
	<u>6,939</u>	<u>8,552</u>	<u>10,183</u>	<u>9,124</u>	<u>9,704</u>
Net current (liabilities)/assets	<u>(186)</u>	<u>(191)</u>	<u>132</u>	<u>1,828</u>	<u>3,082</u>

FINANCIAL INFORMATION

6.2.1 Net current assets/(liabilities)

As at 30 June 2016 and 2017, our Group recorded net current liabilities of approximately S\$0.2 million and S\$0.2 million, respectively. Our net current liabilities position subsequently improved to net current assets of approximately S\$0.1 million as at 30 June 2018, approximately S\$1.8 million as at 31 December 2018 and approximately S\$3.1 million as at 30 April 2019.

Our net current liabilities positions as at 30 June 2016 and 2017 were primarily due to cash outflow in relation to our investment property and advances to Shareholders. As mentioned in the paragraph headed “6.1 Non-current assets” in this section, our investment property, which was purchased under a mortgage loan with a view to be part of our office premises for future expansion, was leased out to an Independent Third Party for rental income. During the Track Record Period, movements in floating interest rate of the mortgage loan resulted in the repayment of the mortgage loan and the interest expenses exceeding the rental income by approximately S\$60,000, S\$71,000 and S\$79,000 for FY2016, FY2017 and FY2018, respectively. In addition, in FY2016 and FY2017, our Group advanced to Shareholders amount of approximately S\$2.0 million and S\$2.9 million, respectively. Such advances to Shareholders lowered our Group’s cash balance and hence our current assets. The advances to Shareholders were subsequently settled through offsetting dividends payable to Shareholders. For further details, please refer to the paragraph headed “19. Dividends” in this section.

Despite the net current liabilities positions as at 30 June 2016 and 2017, our Group had sufficient financial resources to run our business operations and fulfill our obligations under contracts as supported by our strong operating cash inflows of approximately S\$1.8 million for FY2016 and S\$3.2 million for FY2017 and our Directors have been closely monitoring our liquidity position. Our Directors are of the view that the net current liabilities positions were transient. We subsequently returned to net current assets position as we generated stronger operating cash inflows of approximately S\$5.9 million due to stronger growth of our business in FY2018. In addition, as compared to FY2016 and FY2017, our dividends declared in FY2018 represented smaller percentage of our operating cash inflows. Our Directors believe that our Group will continue to have sufficient financial resources for our business operations going forward.

FINANCIAL INFORMATION

6.2.2 Trade and other receivables

Trade and other receivables constituted a major component of our current assets throughout the Track Record Period. The following table sets forth a summary of our total trade and other receivables as at the dates indicated:

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	3,554	4,645	4,747	4,313
Less: allowance for doubtful debts	(186)	(267)	(260)	(121)
	3,368	4,378	4,487	4,192
Unbilled revenue	639	1,012	1,150	1,002
Total trade receivables	<u>4,007</u>	<u>5,390</u>	<u>5,637</u>	<u>5,194</u>
Deposits	81	49	38	38
Prepayment	48	46	45	27
Amount due from a related party	929	—	—	—
Deferred share issue costs	—	—	480	678
Staff loans	—	70	70	70
Other receivables	<u>244</u>	<u>474</u>	<u>321</u>	<u>139</u>
Total trade and other receivables	<u>5,309</u>	<u>6,029</u>	<u>6,591</u>	<u>6,146</u>

Trade receivables

Our trade receivables represented primarily the balances due from our clients. The general increase of our trade receivables during the Track Record Period was generally in line with the increase in our revenue.

We had made specific allowance for our trade receivables amounting to approximately S\$0.2 million, S\$0.3 million, S\$0.3 million and S\$0.1 million as at 30 June 2016, 2017 and 2018 and 31 December 2018, respectively. Our Directors' assessment on making allowances is based on, among other things, the evaluation of collectability, ageing analysis of the receivables, the ultimate realisation of these outstanding amounts, the creditworthiness of our clients, the past collection history and our Group's current and potential future business relationship with each debtor. If the financial conditions of our Group's debtors deteriorate, affecting their ability to make payments, allowance for doubtful debts and the use of debt collection agency may be required.

FINANCIAL INFORMATION

Trade receivables are written off when they are determined to be uncollectible. For FY2016, FY2017, FY2018 and 6M FY2019, approximately S\$51,000, S\$82,000, S\$158,000 and S\$180,000 of our trade receivables had been written off as bad debts, of which, approximately nil, S\$49,000, S\$80,000 and S\$180,000 were written off from impaired receivables, respectively. The following table sets forth the movement in the provision for trade receivables during the Track Record Period:

	Year ended 30 June		Six months ended	
	2016	2017	2018	31 December
	S\$'000	S\$'000	S\$'000	2018
				S\$'000
Allowance for doubtful debts at beginning of year/period	186	186	267	260
Impairment losses recognised on receivables	—	130	73	41
Amount written off as uncollectible	—	(49)	(80)	(180)
Allowance for doubtful debts at the end of year/period	<u>186</u>	<u>267</u>	<u>260</u>	<u>121</u>

The ageing analysis of our trade receivables that were past due but not impaired as at the dates indicated, is as follows:

	As at 30 June		As at	
	2016	2017	2018	31 December
	S\$'000	S\$'000	S\$'000	2018
				S\$'000
Overdue:				
Less than 30 days	1,117	1,570	1,358	1,581
31–60 days	581	684	745	516
61–90 days	477	378	758	499
91–120 days	728	682	709	477
Over 120 days	<u>465</u>	<u>1,064</u>	<u>917</u>	<u>1,119</u>
	<u>3,368</u>	<u>4,378</u>	<u>4,487</u>	<u>4,192</u>

Trade receivables turnover				
days (<i>Note</i>)	71.9 days	68.2 days	60.9 days	56.5 days

Note: Trade receivables turnover days are calculated based on the average of beginning and ending balance of trade receivables (net of allowance for doubtful debt) of the given year/period divided by revenue for the corresponding year/period and multiply by the number of calendar days of year/period.

FINANCIAL INFORMATION

Our trade receivables which were past due but not impaired amounted to approximately S\$3.4 million, S\$4.4 million, S\$4.5 million and S\$4.2 million as at 30 June 2016, 2017 and 2018 and 31 December 2018, respectively. We had not impaired such trade receivables as there had not been a significant deterioration in credit quality of these clients and the amounts are still considered recoverable based on our Directors' experience.

The following table sets forth an analysis of the subsequent settlement/write-offs up to the Latest Practicable Date:

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables (net of allowance for doubtful debts)	3,368	4,378	4,487	4,192
Subsequent write-offs up to the Latest Practicable Date	(163)	(144)	(72)	(28)
Subsequent settlement up to the Latest Practicable Date (<i>Note</i>)	(3,256)	(4,156)	(3,572)	(2,896)
Subsequent provision made up to the Latest Practicable Date	(34)	(43)	(77)	(74)
Subsequent reversal of provision due to recovery up to the Latest Practicable Date	<u>107</u>	<u>83</u>	<u>37</u>	<u>1</u>
Outstanding trade receivables (net of allowance for doubtful debts) as at the Latest Practicable Date	<u><u>22</u></u>	<u><u>118</u></u>	<u><u>803</u></u>	<u><u>1,195</u></u>

Note: As at the Latest Practicable Date, approximately 96.7%, 94.9%, 79.6% and 69.1% of trade receivables (net of allowance for doubtful debt) as at 30 June 2016, 2017 and 2018 and 31 December 2018 was settled.

As at the Latest Practicable Date, approximately S\$22,000 due from five clients, S\$0.1 million due from 14 clients, S\$0.8 million due from 59 clients and S\$1.2 million due from 115 clients, representing approximately 0.7%, 2.7%, 17.9% and 28.5% of our trade receivables (net of allowance for doubtful debts) as at 30 June 2016, 2017 and 2018 and 31 December 2018, respectively, were outstanding and not impaired. Our trade receivables turnover days for FY2016, FY2017, FY2018 and 6M FY2019 recorded a decreasing trend at approximately 71.9 days, 68.2 days, 60.9 days and 56.5 days, respectively notwithstanding we did not grant any credit period to our clients during the Track Record Period.

FINANCIAL INFORMATION

Our Directors are of the view that there are no collectability issues with the outstanding trade receivables as at each year/period end during the Track Record Period and the Latest Practicable Date, and the recorded trade receivables turnover days during the Track Record Period were reasonable, considering (i) the trade receivables balances were due from clients with ongoing and/or potential future business relationship with our Group; (ii) there were no on-going disputes with such clients; and (iii) these clients had been making continuous repayment to our Group and their historical repayment pattern were generally consistent during the Track Record Period. Our trade receivables turnover days decreased during the Track Record Period which was mainly due to our increased effort in credit control and more stringent credit policy during the Track Record Period.

Unbilled revenue

Our unbilled revenue mainly refers to the revenue derived from our search engine marketing services, creative and technology services and social media marketing services rendered but not yet billed. This is mainly due to the timing difference between revenue recognition and billing made to our clients. Our revenue is recognised on a straight-line basis or when the services are rendered while our billing to clients is made on a period basis according to the terms set out in the contracts, which varies contract by contract. Our unbilled revenue increased from approximately S\$0.6 million as at 30 June 2016 to approximately S\$1.0 million as at 30 June 2017, and subsequently increased to approximately S\$1.2 million as at 30 June 2018. Our unbilled revenue was approximately S\$1.0 million as at 31 December 2018. The change in unbilled revenue was generally in line with our revenue growth.

For the unbilled revenue of approximately S\$1.0 million as at 31 December 2018, the table below sets out the subsequent billing up to the Latest Practicable Date.

	Unbilled revenue	
	S\$'000	%
As at 31 December 2018	1,002	N/A
<i>Subsequent billing</i>		
From 1 January 2019 to 31 January 2019	669	66.8
From 1 February 2019 to 28 February 2019	146	14.6
From 1 March 2019 to 31 March 2019	85	8.5
From 1 April 2019 to 30 April 2019	50	5.0
From 1 May 2019 to the Latest Practicable Date	32	3.1
Balance as at the Latest Practicable Date	20	2.0

Amount due from a related party

As at 30 June 2016, our amount due from a related party consisted of approximately S\$0.9 million due from Mr. L.B. Teo in relation to payment by our Group on behalf of him in prior years. This amount had been fully repaid during FY2017.

FINANCIAL INFORMATION

6.2.3 Trade and other payables

Our trade payables mainly included amounts due to suppliers in relation to our provision of online marketing services and our other payables mainly consisted of accrued expenses relating to cost of services not yet invoiced by our suppliers as at year/period end. The following table sets forth a breakdown of our trade and other payables as at the dates indicated:

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	47	1,163	2,873	2,942
Accrued expenses	1,892	1,559	190	202
Accrued listing expenses	—	—	1,129	862
Deposits received	97	129	217	231
Goods and services tax payables	261	372	395	362
Other payables	19	14	153	15
	<u>2,316</u>	<u>3,237</u>	<u>4,957</u>	<u>4,614</u>

Our trade and other payables increased from approximately S\$2.3 million as at 30 June 2016 to approximately S\$3.2 million as at 30 June 2017 and subsequently increased to approximately S\$5.0 million as at 30 June 2018. Our trade and other payables were approximately S\$4.6 million as at 31 December 2018. Excluding the accrued listing expenses of approximately S\$1.1 million for FY2018 and approximately S\$0.9 million for 6M FY2019, the increase trend was generally in line with increase in our cost of services as well as revenue during the Track Record Period.

Trade payables

Our trade payables increased from approximately S\$47,000 as at 30 June 2016 to approximately S\$1.2 million as at 30 June 2017 primarily due to late receipt of invoice from our largest supplier during FY2016, and as a result, there were two months' cost of services not yet invoiced by our largest supplier as at 30 June 2016 compared to one month as at 30 June 2017. These unbilled cost of services were accounted for as our accrued expenses. Our trade payables subsequently increased to approximately S\$2.9 million as at 30 June 2018 as we had received all invoices for cost of services incurred for FY2018 from our largest supplier as at 30 June 2018 compared to one month's cost of services not yet invoiced as at 30 June 2017, which was recorded as accrued expenses as at 30 June 2017. Our trade payables remained relatively stable at approximately S\$2.9 million as at 31 December 2018.

As at the Latest Practicable Date, all the trade payables as at 31 December 2018 had been settled.

FINANCIAL INFORMATION

Our trade payables were due according to the terms on the relevant contracts. In general, our suppliers normally grant us a credit term of 30 to 60 days and we settle our payment by cheque or bank transfer. The following table sets forth the ageing analysis of our trade payables as at the dates indicated:

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Less than 30 days	25	25	1,501	1,324
31–60 days	1	1,118	1,372	1,613
61–90 days	—	—	—	5
91–120 days	21	20	—	—
	<u>47</u>	<u>1,163</u>	<u>2,873</u>	<u>2,942</u>
Trade payables turnover				
days (<i>Note</i>)	39.0 days	16.3 days	45.6 days	57.6 days

Note: Trade payable turnover days are calculated based on the average of beginning and ending balance of trade payables of a given year/period divided by costs of services for the corresponding year/period and multiply by the number of calendar days of the year/period.

The trade payables turnover days was approximately 39.0 days, 16.3 days, 45.6 days and 57.6 days for FY2016, FY2017, FY2018 and 6M FY2019, respectively. The decrease in trade payable days for FY2017 as compared to FY2016 was a result of the decrease in average trade payables due to two months' cost of services not yet invoiced by our largest supplier as at 30 June 2016 as mentioned above. Trade payables turnover days subsequently increased to approximately 45.6 days for FY2018, which was mainly due to the increase in average trade payables because we had received all invoices for cost of services incurred for FY2018 from our largest supplier as at 30 June 2018 as compared to one month's cost of services not yet invoiced by our largest supplier as at 30 June 2017. Trade payables turnover days further increased to approximately 57.6 days for 6M FY2018, which was mainly due to the increase in average trade payables due to the increase in trade payables balance as at 30 June 2018 as compared to that as at 30 June 2017. Our trade payables turnover days were generally in line with the credit term of 30 to 60 days granted by our suppliers during the Track Record Period.

FINANCIAL INFORMATION

Accrued expenses

Accrued expenses primarily consisted of accrued cost of services not yet invoiced by our suppliers at year or period end. The decrease in our accrued expenses from approximately S\$1.9 million as at 30 June 2016 to approximately S\$1.6 million as at 30 June 2017 was mainly attributable to two months' cost of services not yet invoiced by our largest supplier as at 30 June 2016 as compared to one month as at 30 June 2017. Our accrued expenses subsequently decreased to approximately S\$0.2 million as at 30 June 2018 as we had received all invoices for cost of services incurred for FY2018 from our largest supplier as at 30 June 2018. Our accrued expenses remained relatively stable at approximately S\$0.2 million as at 31 December 2018.

6.2.4 Contract liabilities

Contract liabilities consisted of advance receipts from our clients for our search engine marketing services, creative and technology services and social media marketing services but not earned yet as revenue is recognised over the relevant period of service according to our accounting policy. Similar to unbilled revenue, contract liabilities are caused by the timing difference between billing made to our clients and our revenue recognition. The increase in our contract liabilities from approximately S\$3.2 million as at 30 June 2016 to approximately S\$4.0 million as at 30 June 2017 was mainly due to the increase in the value of contracts signed during FY2017 as a result of our business expansion. Despite the continued increase in the value of contracts signed during FY2018, our contract liabilities subsequently decreased to approximately S\$3.4 million as at 30 June 2018 mainly due to large increase in revenue recognised as compared to increase in value of contracts signed. Our contract liabilities further decreased to approximately S\$3.1 million as at 31 December 2018. The following table sets forth the ageing analysis of our contract liabilities as at the dates indicated:

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Revenue to be recognised:				
Within one quarter	1,906	2,608	2,611	1,905
One to two quarters	864	1,047	618	867
Two to three quarters	330	271	147	301
Three to four quarters	97	88	45	36
Beyond four quarters	46	10	*	10
	<u>3,243</u>	<u>4,024</u>	<u>3,421</u>	<u>3,119</u>

* Amount considered negligible

FINANCIAL INFORMATION

For the contract liabilities of approximately S\$3.1 million as at 31 December 2018, the table below sets out the subsequent utilisation up to the Latest Practicable Date.

	Contract liabilities	
	<i>S\$'000</i>	<i>%</i>
As at 31 December 2018	3,119	N/A
<i>Subsequent utilisation</i>		
From 1 January 2019 to 31 January 2019	897	28.8
From 1 February 2019 to 28 February 2019	546	17.5
From 1 March 2019 to 31 March 2019	423	13.6
From 1 April 2019 to 30 April 2019	350	11.2
From 1 May 2019 to the Latest Practicable Date	295	9.4
Balance as at the Latest Practicable Date	608	19.5

6.2.5 Dividend payables

The following table sets forth a breakdown of the dividend payable as at the dates indicated:

	As at 30 June		As at
	2016	2017	31 December
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Dividend payable to Shareholders			
Ms. L. Teo	72	207	—
Mr. V. Teo	72	207	—
	<u>143</u>	<u>414</u>	<u>—</u>

Our Group settled amounts due from Shareholders through offsetting dividends payable to the Shareholders. For details, please refer to the paragraph headed “19. Dividends” in this section. After offsetting the amounts due from Shareholders, our Group had approximately S\$0.1 million and S\$0.4 million of dividend payable as at 30 June 2016 and 2017. All dividend payable were settled as at 30 June 2018.

6.2.6 Income tax payable

As at 30 June 2016, 2017 and 2018 and 31 December 2018, our Group recorded income tax payable of approximately S\$1.1 million, S\$0.8 million, S\$1.7 million and S\$1.3 million, respectively. The tax payable balance as at 30 June 2016 was substantially higher than the income tax expenses during FY2016, which was mainly due to revised notices of assessment of Aactiva Media (S) for financial years prior to the Track Record Period, namely FY2012 to FY2015, received in FY2017 following our Group’s self-initiated tax resubmissions, which led to an increase in our income tax payable as at 30 June 2016. The tax resubmissions were

FINANCIAL INFORMATION

initiated by our Group upon discovery of certain inadvertent errors in the accounting records of Activa Media (S) relating to FY2012 to FY2015 by a finance manager who joined our Group in FY2016, and such errors had led to incorrect income tax computations filed to the Inland Revenue Authority of Singapore (the “IRAS”) for FY2012 to FY2015. The errors, all incurred in periods prior to the Track Record Period, were mainly due to the omission of intercompany billings on (i) the website development and hosting services and staff training services rendered by Activa Media (S) to Activa Media (M); and (ii) the recharge of ad space procurement costs paid to search engines and social media platforms by Activa Media (S) on behalf of Activa Media (M), amounting to approximately S\$1.9 million in total, in the accounting records of Activa Media (S) for FY2012 to FY2015.

The accounting records with the inadvertent errors were prepared by an external accounting firm as our Group outsourced the accounting function of Activa Media (S) since the incorporation of Activa Media (S) until FY2016. Subsequent to the discovery of the errors, our Group had enhanced our internal control system in the area of financial reporting and as our business expanded, further strengthened our finance department by recruiting a chief financial officer. Throughout the Track Record Period and up to the Latest Practicable Date, there had been no re-occurrence of such incidents or matters of such nature. As such, our Directors are of the view that the enhanced internal controls of our Company are adequate and sufficient to prevent re-occurrence of such incidents.

The total additional tax payable for FY2012 to FY2015 as a result of the tax resubmissions was less than S\$0.5 million and the amount had been settled as at the Latest Practicable Date. As at the Latest Practicable Date, other than penalty of S\$19,200 for the incorrect income tax computation for FY2012 to FY2015 offered by the IRAS on 2 November 2018, the IRAS had not imposed any other penalty or raised any findings on our Group, and our Directors confirmed that there was no ongoing investigation as far as they are aware. The tax penalty was fully settled on 5 November 2018. The tax representative of our Company, which is a reputable international accounting firm, advised that it is not aware of any outstanding tax payment for FY2012 to FY2015.

6.3 Retained earnings/(accumulated deficits)

As at 1 July 2015, our Group recorded accumulated deficits of approximately S\$0.3 million. As at 30 June 2016, 2017 and 2018 and 31 December 2018, our Group recorded retained earnings of approximately S\$0.4 million, S\$0.5 million, S\$0.8 million and S\$2.6 million, respectively. The accumulated deficits of approximately S\$0.3 million as at 1 July 2015 was mainly due to the net loss recorded by Activa Media (M) in FY2015; whilst Activa Media (S) and Activa Media Consultancy distributed substantial part of their retained earnings as dividends to our Shareholders in FY2015. Our Directors are of the view that it was reasonable for Activa Media (M), being our Group’s channel to explore a new market, to record net losses before the Track Record Period since our Group’s resources were all based in Singapore at the time when Activa Media (M) was incorporated and therefore, the operations in Malaysia relied largely on our Directors’ own resources and network in Malaysia. In addition, given Malaysia is geographically larger than Singapore, the management of our Group had to adapt their operations to cater for this market. It also took time for the management to foster our Group’s culture in the Malaysia office. Despite the accumulated losses over the years, our Directors considered that there was strong growth potential

FINANCIAL INFORMATION

for the online marketing industry in Malaysia, which was validated by the historical growing trend of the market size of online marketing in Malaysia as described in the paragraph headed “Overview of online marketing market in Malaysia” under the section headed “Industry overview” of this prospectus. With continuing efforts and increasing resources to develop the Malaysia market, especially when our Group assigned a general manager from Singapore office to be in-charged of Malaysia office in FY2016, and the revenue contributed from repeated and new clients, Aactiva Media (M) subsequently turned profitable in FY2016, FY2017, FY2018 and 6M FY2019, which was in line with our growth in revenue generated from Malaysia.

7. LIQUIDITY AND CAPITAL RESOURCES

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

7.1 Cash flows

The following table sets forth a summary of our combined statements of cash flows during the Track Record Period:

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>	
Net cash from operating activities	1,762	3,163	5,899	2,497	1,375
Net cash used in investing activities	(2,141)	(2,092)	(1,149)	(1,051)	(11)
Net cash from/(used in) financing activities	<u>186</u>	<u>(182)</u>	<u>(3,362)</u>	<u>(109)</u>	<u>(281)</u>
Net (decrease)/increase in cash and cash equivalents	(193)	889	1,388	1,337	1,083
Cash and cash equivalents at beginning of year/period	1,639	1,444	2,332	2,332	3,724
Effect of foreign exchange rate changes	<u>(2)</u>	<u>(1)</u>	<u>4</u>	<u>5</u>	<u>(1)</u>
Cash and cash equivalents at end of year/period, represented by bank balances and cash	<u><u>1,444</u></u>	<u><u>2,332</u></u>	<u><u>3,724</u></u>	<u><u>3,674</u></u>	<u><u>4,806</u></u>

FINANCIAL INFORMATION

7.1.1 Cash flow from operating activities

Cash flow from operating activities reflects profit before tax for the year/period adjusted for (i) non-cash items such as depreciation, finance costs, bad debts directly written off, allowance for doubtful debts and exchange difference, which lead to the operating cash flows before working capital changes; (ii) effects on cash flows due to changes in working capital, including increases or decrease in trade and other receivables, decrease or increase in trade and other payables and decrease or increase in contract liabilities, which lead to cash generated from operations; and (iii) income tax paid, which results in net cash generated from operating activities.

We derived our cash inflow from operating activities primarily through the receipt of payments from our three categories of online marketing services namely: (i) search engine marketing services; (ii) creative and technology services; and (iii) social media marketing services. Our cash outflow from operating activities was primarily attributable to cost of ad space procurement, supporting costs and other operating expenses such as staff costs.

For FY2016, our net cash from operating activities of approximately S\$1.7 million primarily resulted from (i) our operating cash flows before working capital changes amounting to approximately S\$3.5 million; (ii) net outflow of working capital amounting to approximately S\$1.4 million; and (iii) income tax paid of approximately S\$0.4 million.

For FY2017, our net cash from operating activities of approximately S\$3.2 million primarily resulted from (i) our operating cash flows before working capital changes amounting to approximately S\$4.2 million; (ii) net outflow of working capital amounting to approximately S\$0.1 million; and (iii) income tax paid of approximately S\$0.9 million. The increase in net cash from operating activities from FY2016 to FY2017 was mainly due to reduction in trade receivables turnover days and our business expansion.

For FY2018, net cash from operating activities amounted to approximately S\$5.9 million primarily resulted from (i) operating cash flows before working capital changes amounting to approximately S\$5.5 million; (ii) net inflow of working capital amounting to approximately S\$0.6 million; and (iii) income tax paid of approximately S\$0.2 million. The increase in net cash from operating activities from FY2017 to FY2018 was mainly due to further reduction in trade receivables turnover days and our continued business expansion.

For 6M FY2018, net cash from operating activities amounted to approximately S\$2.5 million primarily resulted from (i) operating cash flows before working capital changes amounting to approximately S\$2.3 million; (ii) net inflow of working capital amounting to approximately S\$0.3 million; and (iii) income tax paid of approximately S\$0.2 million.

FINANCIAL INFORMATION

For 6M FY2019, net cash from operating activities amounted to approximately S\$1.4 million primarily resulted from (i) operating cash flows before working capital changes amounting to approximately S\$2.3 million; (ii) net outflow of working capital amounting to approximately S\$43,000; and (iii) income tax paid of approximately S\$0.9 million. The decrease in net cash from operating activities from 6M FY2018 to 6M FY2019 was mainly due to (i) increase in working capital outflow for settlement of trade and other payables; and (ii) larger amount of income tax paid during 6M FY2019 as we settled part of the income tax for FY2018 during the period.

7.1.2 Cash flow from investing activities

Our cash flow from investing activities consisted of purchase of plant and equipment, advances or repayment from a related party and advances to Shareholders.

During FY2016, FY2017 and FY2018, our Group declared dividends of approximately S\$2.2 million, S\$3.2 million and S\$3.6 million, respectively. Such dividends declared were paid through offsetting against previous advances to Shareholders as well as paid in cash. For further details, please refer to the paragraph headed “19. Dividends” in this section.

For FY2016, net cash used in investing activities amounted to approximately S\$2.1 million, primarily resulted from (i) purchase of plant and equipment of approximately S\$74,000; (ii) advance to a related party of approximately S\$2,000; and (iii) advances to Shareholders of approximately S\$2.1 million.

For FY2017, net cash used in investing activities amounted to approximately S\$2.1 million, primarily resulted from (i) purchase of plant and equipment of approximately S\$0.1 million; (ii) repayment from a related party of approximately S\$0.9 million; and (iii) advances to Shareholders of approximately S\$2.9 million. Net cash used in investing activities remained relatively stable for FY2016 and FY2017.

For FY2018, net cash used in investing activities amounted to approximately S\$1.1 million, primarily resulted from (i) purchase of plant and equipment of approximately S\$62,000; and (ii) advances to Shareholders of approximately S\$1.1 million. Net cash used in investing activities decreased from approximately S\$2.1 million for FY2017 to approximately S\$1.1 million for FY2018 mainly due to decrease in advances to Shareholders.

For 6M FY2018, net cash used in investing activities amounted to approximately S\$1.1 million, primarily resulted from (i) purchase of plant and equipment of approximately S\$58,000; and (ii) advances to Shareholders of approximately S\$1.0 million. For 6M FY2019, net cash used in investing activities amounted to approximately S\$11,000, which were used for purchase of plant and equipment. The decrease in net cash used in investing activities was mainly due to the settlement of advances to Shareholders during FY2018.

FINANCIAL INFORMATION

7.1.3 Cash flow from financing activities

Our financing activities primarily consisted of payment of dividends, additional drawdown and repayment of the mortgage loan provided by a bank in relation to our investment property, payment of interest arising from this loan and accrued share issue costs paid.

For FY2016, our net cash from financing activities of approximately S\$0.2 million was primarily resulted from (i) additional drawdown of the mortgage loan of approximately S\$0.3 million; (ii) repayment of borrowings from the loan of approximately S\$0.1 million; and (iii) payment of interest arising from the loan of approximately S\$51,000.

For FY2017, net cash used in financing activities of approximately S\$0.2 million was primarily resulted from (i) repayment of borrowings from the mortgage loan of approximately S\$0.1 million; and (ii) payment of interest arising from the loan of approximately S\$87,000. Increase in net cash used in financing activities for FY2017 was primarily due to no additional drawdown of bank loans in FY2017.

For FY2018, net cash used in financing activities amounted to approximately S\$3.4 million, which was resulted from (i) payment of dividends of approximately S\$2.9 million; (ii) repayment of borrowings from the mortgage loan of approximately S\$0.1 million; (iii) payment of interest arising from the loan of approximately S\$85,000; and (iv) payment of accrued share issue costs of approximately S\$0.2 million. Increase in net cash used in financing activities was mainly due to the increase in dividends paid for FY2018. For further details of our dividends paid, please refer to the paragraph headed “19. Dividends” in this section.

For 6M FY2018, net cash used in financing activities amounted to approximately S\$109,000, which was resulted from (i) repayment of borrowings from the mortgage loan of approximately S\$44,000; and (ii) payment of interest arising from the loan of approximately S\$65,000.

For 6M FY2019, net cash used in financing activities amounted to approximately S\$0.3 million, which was resulted from (i) repayment of borrowings from the mortgage loan of approximately S\$62,000; (ii) payment of interest arising from the loan of approximately S\$21,000; and (iii) deferred issue costs paid of approximately S\$0.2 million. Increase in net cash used in financing activities for 6M FY2019 was mainly due to deferred share issue costs paid during the period.

7.2 Working capital

Our Directors are of the opinion, after due and careful inquiry, that taking into consideration the internal resources presently available to our Group, cash generated from our operations, our banking facilities and the estimated net proceeds to be received by us from the Share Offer, our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this prospectus.

FINANCIAL INFORMATION

8. INDEBTEDNESS

As at 30 April 2019, being the latest practicable date on which such information was available to us, save as disclosed below or as otherwise disclosed in this prospectus, we did not have any debt securities issued and outstanding or agreed to be issued, bank borrowings or other similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

8.1 Bank borrowings

During the Track Record Period and up to 30 April 2019, our Group's borrowings represented financing provided by our bankers in the form of a bank loan, the breakdown of which is as follows:

	As at 30 June			As at 31 December	As at 30 April
	2016	2017	2018	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
					(unaudited)
Bank borrowings	<u>2,555</u>	<u>2,460</u>	<u>2,354</u>	<u>2,292</u>	<u>2,253</u>

The following table sets forth the ranges of effective interest rates of our bank loan as at the dates indicated:

	As at 30 June			As at 31 December
	2016	2017	2018	2018
Effective interest rates (per annum)	<u>1.94%–2.80%</u>	<u>2.74%–3.83%</u>	<u>1.68%–6.50%</u>	<u>1.68%–2.48%</u>

The bank loan during the Track Record Period and up to 30 April 2019 was a mortgage loan for the purchase of our investment property and was secured by the investment property and guaranteed by our Controlling Shareholders. The personal guarantee given by our Controlling Shareholders will be released and replaced by corporate guarantee from our Company upon the Listing. As at the Latest Practicable Date, there was no unutilised amount of banking facilities.

We intend to continue to finance portions of our working capital and capital expenditure with bank borrowings, as we deem appropriate. Except for such bank borrowings, we currently do not have plans for other material external debt financing.

FINANCIAL INFORMATION

Our Directors confirmed that the agreements under our bank borrowings do not contain any covenant that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirmed that we had no material defaults in payment of trade and non-trade payables and bank borrowings, nor did we breach any financial covenants during the Track Record Period. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining credit facilities, or withdrawal of facilities, request for early repayment, default in payments or breach of financial covenants of bank borrowings.

8.2 Contingent liabilities

As at 30 June 2016, 2017 and 2018 and 31 December 2018, we did not have any contingent liabilities.

Our Directors confirmed that there was no material adverse change in our Group's indebtedness and contingent liabilities since 30 April 2019, being the latest practicable date for determining our Group's indebtedness.

9. CAPITAL COMMITMENTS

As at the Latest Practicable Date, other than operating lease commitments and the development of the Automatic Report Generation System (as defined in the section headed "Business" of this prospectus), our Group had no contractual capital commitments. For further details of the Automatic Report Generation System, please refer to the section headed "Business — 3. Business strategies — Expanding capacity and enhancing productivity" of this prospectus.

10. OPERATING LEASE COMMITMENT

Our Group as lessee:

Operating lease payments represent rental payable by our Group for office premises. The office premises are leased from our Controlling Shareholders and such leases constitute continuing connected transactions upon Listing. For further details of these continuing connected transactions, please refer to the section headed "Connected transactions" of this prospectus. Lease terms are negotiated and rentals are fixed for an average of two years. The table below sets forth our lease payments during the Track Record Period:

	Year ended 30 June			Six months ended	
	2016	2017	2018	31 December	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>	
Minimum lease payments paid under operating leases during the year/period	<u>280</u>	<u>186</u>	<u>130</u>	<u>68</u>	<u>62</u>

FINANCIAL INFORMATION

As at 30 June 2016, 2017 and 2018 and 31 December 2018, our Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June			As at 31 December
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Within one year	106	122	107	68
In the second to fifth year inclusive	<u>196</u>	<u>107</u>	<u>—</u>	<u>19</u>
	<u><u>302</u></u>	<u><u>229</u></u>	<u><u>107</u></u>	<u><u>87</u></u>

Our Group as lessor:

Operating lease receipts mainly represent rental income derived from our investment property. The table below sets forth our rental income during the Track Record Period.

	Year ended 30 June			Six months ended 31 December
	2016	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Rental income	<u>93</u>	<u>136</u>	<u>124</u>	<u>68</u>
				<u>58</u>

As at 30 June 2016, 2017 and 2018 and 31 December 2018, our Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June			As at 31 December
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Within one year	112	121	106	59
In the second to fifth year inclusive	<u>130</u>	<u>19</u>	<u>—</u>	<u>—</u>
	<u><u>242</u></u>	<u><u>140</u></u>	<u><u>106</u></u>	<u><u>59</u></u>

11. CAPITAL EXPENDITURE

Our capital expenditure for FY2016, FY2017, FY2018 and 6M FY2019 amounted to approximately S\$74,000, S\$0.1 million, S\$62,000 and S\$11,000, respectively, comprising mainly expenditures for purchase of furniture and fixtures, computers, office equipment and leasehold improvement.

FINANCIAL INFORMATION

For FY2019, we estimate that our Group's capital expenditure will amount to approximately S\$16,000 primarily for purchase of computers for new recruits. Since 31 December 2018 and up to the Latest Practicable Date, our Group did not incur any material capital expenditure.

We expect to meet future capital expenditure requirements through our available cash and cash equivalents, cash generated from our operations as well as net proceeds of the Share Offer.

12. OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, our Group had not entered into any material off-balance sheet commitments and arrangements.

13. SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios during the Track Record Period and should be read in conjunction with the Accountants' Report included as Appendix I to this prospectus.

	Year ended or as at 30 June			Six months ended or as at 31 December	
	2016	2017	2018	2017	2018
Current ratio (<i>Note 1</i>)	1.0 times	1.0 times	1.0 times	N/A	1.2 times
Gearing ratio (<i>Note 2</i>)	358.8%	313.8%	202.4%	N/A	79.9%
Debt to equity ratio (<i>Note 3</i>)	156.0%	16.3%	N/A	N/A	N/A
Interest coverage (<i>Note 4</i>)	65.8 times	44.3 times	61.3 times	33.9 times	106.0 times
Return on assets (<i>Note 5</i>)	28.2%	27.7%	29.4%	N/A	24.1%
Return on equity (<i>Note 6</i>)	401.1%	413.5%	342.6%	N/A	119.2%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year/period end.
2. Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year/period end and multiplied by 100%.
3. Debt to equity ratio is calculated by the net debts (being interest-bearing liabilities net of bank balances and cash) divided by the total equity as at the respective year/period end and multiplied by 100%. As at 30 June 2018 and 31 December 2018, debt to equity ratio was not applicable as our bank balances and cash was more than sufficient to cover our interest-bearing liabilities.
4. Interest coverage is calculated by the profit before interest and tax divided by the finance costs as at the respective year/period end.
5. Return on assets for FY2016, FY2017, FY2018 and 6M FY2019 (annualised) is calculated by the profit for the year/period divided by the total assets as at the respective year/period end and multiplied by 100%.
6. Return on equity for FY2016, FY2017, FY2018 and 6M FY2019 (annualised) is calculated by the profit of the year/period divided by the total equity as at the respective year/period end and multiplied by 100%.

FINANCIAL INFORMATION

Current ratio

Our current ratio remained stable at approximately 1.0 times as at 30 June 2016, 2017 and 2018 and approximately 1.2 times as at 31 December 2018.

Gearing ratio

Our interest-bearing liabilities represented the mortgage loan for purchase of the investment property. Our gearing ratio decreased from approximately 358.8% as at 30 June 2016 to approximately 313.8% as at 30 June 2017, primarily due to the repayment of the instalments for the mortgage loan, as well as increase in our reserves as a result of profit earned in FY2017. Our gearing ratio further decreased to approximately 202.4% and 79.9% as at 30 June 2018 and 31 December 2018, respectively, which was due to further repayment of the mortgage loan and further increase in our reserves as a result of profit earned for FY2018 and 6M FY2019.

Debt to equity ratio

Net debts represented interest-bearing liabilities net of bank balances and cash. Our debt to equity ratio decreased from approximately 156.0% as at 30 June 2016 to approximately 16.3% as at 30 June 2017, primarily due to the increase in our bank balances and cash and slight decrease in our Group's borrowings. We were in a net cash position as at 30 June 2018 and 31 December 2018 mainly due to the increase in our bank balances and cash. For details of movement of our bank balances and cash, please refer to the paragraph headed "7.1 Cash flows" in this section.

Interest coverage

Our interest coverage ratio decreased from approximately 65.8 times for FY2016 to approximately 44.3 times for FY2017, primarily due to the percentage of increase in interest rate of the mortgage loan being greater than the percentage of increase in profit before tax and interest expense. Interest coverage increased to approximately 61.3 times for FY2018, which was mainly due to increase in profit before tax and interest expense. For details on movement of our profit, please refer to the paragraph headed "5.10 Profit for the year/period" in this section. Our interest coverage ratio was approximately 33.9 times and 106.0 times for 6M FY2018 and 6M FY2019, respectively. Such increase was mainly due to lower finance costs recognised during 6M FY2019 as compared to 6M FY2018 as described in the paragraph headed "5.8 Finance costs" in this section.

Return on assets

Our return on assets remained relatively stable at approximately 28.2% for FY2016 and approximately 27.7% for FY2017. Return on assets then increased to approximately 29.4% for FY2018. Such increase was mainly attributable to the percentage of increase in profit for the year being greater than the percentage of increase in total assets. Our return on assets decreased to approximately 24.1% for 6M FY2019. Such decrease was mainly due to decrease in annualised profit as compared to FY2018 and increase in total assets arising from the increase in bank balances and cash.

Return on equity

Our return on equity remained relatively stable at approximately 401.1% and 413.5% for FY2016 and FY2017. Our return on equity then decreased to approximately 342.6% for FY2018 primarily due to the percentage of increase in our total equity resulted from our increase in profit for FY2018 being greater than the percentage of increase in profit. Our return on equity decreased to approximately 119.2% for 6M FY2019. Such decrease was mainly due to decrease in annualised profit as compared to FY2018 and the increase in our total equity as a result of profit recognised during 6M FY2019. Our high return on equity was mainly due to our relatively small equity base.

14. FINANCIAL RISKS

We are exposed to a variety of financial risk including market risk (currency risk and interest rate risk), credit risk and liquidity risk. Details of the risks to which we are exposed are set out in note 30 to the Accountants' Report set out in Appendix I to this prospectus.

14.1 Credit risk

Our Group's concentration of credit risk by geographical locations is mainly in Singapore and Malaysia, which accounted for approximately 80.0% and 20.0% of the total financial assets as at 30 June 2016, 2017 and 2018 and 31 December 2018, respectively.

At the end of each reporting period, our Group's maximum exposure to credit risk which will cause a financial loss to our 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 combined statements of financial position.

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

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

Other than concentration of credit risk on bank deposits placed in two banks in which the counterparties are financially sound and our Group has no significant concentration of credit risk on receivables, with exposure spread over a number of counterparties.

14.2 Liquidity risk

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

15. RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in note 28 of the Accountants' Report included as Appendix I to this prospectus. Our Directors confirmed that all such transactions were conducted on an arm's length basis and on normal commercial or better terms to our Group. The related party transactions would not distort our results of operations during the Track Record Period or make our historical results during the Track Record Period not reflective of our expectations for our future performance.

16. DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirmed that as at the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

17. LISTING EXPENSES

Our Group's financial performance for FY2019 will be affected by the non-recurring expenses incurred in relation to the Listing. The listing expenses are estimated to be approximately S\$5.5 million (equivalent to approximately HK\$32.0 million, assuming an Offer Price of HK\$0.675, being the mid-point of the indicative Offer Price range of HK\$0.65 to HK\$0.70 per Offer Share). Out of the listing expenses of approximately S\$5.5 million, (i) approximately S\$2.1 million is directly attributable to the issue of the Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately S\$1.8 million was charged to profit or loss of our Group for FY2018; and (iii) approximately S\$1.6 million is to be charged to profit or loss of our Group for FY2019. Such expenses are current estimates and for reference only. The final amount to be recognised to the profit or loss of our Group or to be capitalised is subject to adjustment based on audit and the changes in variables and assumptions.

In addition, there will be an expected increase in administrative expenses which is primarily attributable to the increase in Directors' remuneration and other professional fees for FY2019 arising from the increase in remuneration of our Directors and the appointment of the new independent non-executive Directors and professional parties prior to and after the Listing.

Our Directors are of the view that there has been no fundamental deterioration in the commercial and operational viability in our Group's business despite the expected increase in our Directors' remuneration and professional fees and the non-recurring listing expenses.

18. DISTRIBUTABLE RESERVES

As at 31 December 2018, the aggregate amount of distributable reserves available for distribution to our Shareholders was approximately S\$2.6 million.

FINANCIAL INFORMATION

19. DIVIDENDS

For FY2016, FY2017 and FY2018, our Group declared dividends of approximately S\$2.2 million, S\$3.2 million and S\$3.6 million, respectively. Dividends amounting to approximately S\$2.0 million, S\$2.9 million and S\$1.1 million were paid through offsetting against the amounts due from Shareholders during FY2016, FY2017 and FY2018, respectively. The remaining dividend payable were paid in cash during FY2018.

The dividends were declared to reward our Shareholders' investments in our Group. Our Directors consider the level of distribution appropriate and in the best interests of our Group as the portion of the net profits from ordinary activities attributable to our Shareholders retained is sufficient to support our Group's expansion during the Track Record Period.

Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to the applicable laws and regulations including the Companies Law and the Articles which also requires the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, amongst other things, (i) general financial conditions; (ii) actual and future operations and liquidity positions; (iii) future cash requirements and availability; (iv) restrictions on payment of dividends that may be imposed by our Group's lenders; (v) general market conditions; and (vi) any other factors which our Board may deem appropriate at such time.

Any dividends declared will be in Singapore dollars with respect to the Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future. Currently, our Group does not have any dividend policy and predetermined dividend distribution ratio.

20. PROPERTY INTEREST AND PROPERTY VALUATION

Cushman & Wakefield Limited, an independent property valuer, has valued interests of our property in Singapore as at 31 March 2019 and is of the opinion that the value of the investment property was approximately S\$3.3 million, with the entire value attributable to us. Please refer to Appendix III to this prospectus for the full text of the property valuation report with regard to such property interests.

FINANCIAL INFORMATION

The statement below shows the reconciliation of amount of the investment property in our audited combined financial information as at 31 December 2018 as set forth in the Accountants' Report included as Appendix I to this prospectus, with the valuation of the property as at 31 March 2019 as set forth in the property valuation report included as Appendix III to this prospectus.

S\$'000

Net book value of the property as at 31 December 2018

Investment property	3,097
Additions during the period from 1 January 2019 to 31 March 2019	—
Depreciation during the period from 1 January 2019 to 31 March 2019	<u>17</u>
Net book value as at 31 March 2019	3,080
Net valuation surplus	<u>240</u>
Valuation of the property owned by our Group as at 31 March 2019 as set out in the property valuation report in Appendix III to this prospectus	<u><u>3,320</u></u>

21. OUR PROPOSED AUDITOR AFTER THE LISTING

Under Rule 19.20 of the Listing Rules, we, as an overseas issuer, must have our annual accounts audited by a person, firm or company who must be a practicing accountant of good standing, and that such person, firm or company must also be independent to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the statements on independence issued by the International Federation of Accountants. In addition, the firm of accountants must be either (i) qualified under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) for appointment as an auditor of a company; or (ii) acceptable to the Stock Exchange which has an international name and reputation and is a member of a recognised body of accountants.

After the Listing, Deloitte & Touche LLP (“**Deloitte Singapore**”) will be the proposed auditor of our Group. We consider that Deloitte Singapore is a firm of accountants acceptable to the Stock Exchange in accordance with the requirements of Rule 19.20 of the Listing Rules on the basis that:

- (i) Deloitte Singapore is affiliated to a member firm of the Deloitte Touche Tohmatsu Limited network of firms;
- (ii) Deloitte Singapore is a firm registered with the Accounting and Corporate Regulatory Authority (“**ACRA**”), the national regulator of public accountants in Singapore. Deloitte Singapore is subject to ACRA’s annual practice monitoring programme. ACRA reviews the firm and a selection of partners every year to evaluate as to whether they have complied with professional standards; and
- (iii) Deloitte Singapore is independent of our Group in accordance with ACRA’s Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, developed largely based on the Code of Ethics for Professional Accountants, 2016 Edition promulgated by the International Ethics Standards Board for Accountants.

FINANCIAL INFORMATION

The audit partners of Deloitte Singapore are members of the Institute of Singapore Chartered Accountants (“ISCA”), the national accountancy body of Singapore. ISCA is a member of the International Federation of Accountants, a global organisation for the accountancy profession.

Our annual accounts will be prepared in accordance with IFRS. Such annual accounts will be audited under International Standards on Auditing issued by the International Auditing and Assurance Standards Board as required by Rule 19.21 of the Listing Rules.

22. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please see the section headed “Unaudited pro forma financial information” included as Appendix II to this prospectus for details.

23. MATERIAL ADVERSE CHANGE

Our Directors confirmed that other than the non-recurring listing expenses incurred/estimated, there have not been any material adverse changes in our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we are aware, there was no material change in the general market conditions that had affected or would affect our business operations or financial conditions materially and adversely.

FUTURE PLANS AND USE OF PROCEEDS

REASONS FOR LISTING

Headquartered in Singapore, we intend to expand our operations so as to capture opportunities arising from the expected growth in the online marketing industry brought about by the ever-deepening smartphone penetration. Further, with the PRC-based tech conglomerates' active expansion into the Southeast Asian market as disclosed in the section headed "Industry overview" of this prospectus, our Directors are of the view that the digitalisation momentum in Southeast Asia will accelerate and competition for market share as well as talents will intensify. With such a backdrop, our Directors, having considered:

- (i) proceeds from the Share Offer will provide us with the capital necessary to fund our expansion plans to make our business more scalable and to maintain our competitiveness and lead in a rapidly evolving online marketing industry. In particular, the strengthening of our technological infrastructure, which as further elaborated in this section, is expected to expand our market share and extend our lead in this industry, increase our revenue, raise our productivity and enable our Group to better serve our clients, thereby maintaining our industry leading position in Singapore whilst further enhancing our competitive advantage as we continue to expand in Malaysia;
- (ii) the confidence from prospective clients in Malaysia (and by extension our ability to secure new contracts and up-sell) enjoyed by our Group as a Singapore-based online marketing service provider with established reputation when expanding into Malaysia, our Directors are of the view that the public credibility afforded by a listing status on a reputed stock exchange would augment such benefits. To this end, having compared the general sentiment associated with the Catalist market in Singapore with the Main Board together with the Stock Exchange's positioning as a gateway to the PRC (as further elaborated in paragraph (iii) below) as well as their respective trading liquidity (as further elaborated in paragraph (v) below), our Directors are of the view that the Main Board posts as a more attractive listing venue for the strategic development of our Group and will help to enhance our corporate profile and make our Group's range of services known to the general public as well as our potential investors, potential suppliers and potential clients;
- (iii) a listing in Hong Kong would enable us to increase our market exposure and raise our profile in the Greater China region market, paving the way towards potential collaboration with PRC-based digital platforms in their expansion into the Southeast Asian market, which according to the Frost & Sullivan Report, is perceived as an important growth driver for the PRC-based tech conglomerates. In particular, with increasing penetration of PRC social media platforms in Southeast Asia, our Group intends to actively seek opportunities to work with such platforms and our Directors believe a listing in Hong Kong, as a gateway to the PRC, would serve as an effective means to distinguish our Group from our competitors which are private companies in Southeast Asia and enables us to more clearly establish ourselves as the industry leader in Singapore when pursuing collaboration opportunities. A listing in Hong Kong would also enable us to (a) leverage on the enhanced prestige offered by a listing status; and (b) adopt a meaningful Share Option Scheme for our employees, to attract new and retain existing talents, which is paramount to the future growth of our Group as an online marketing service provider;

FUTURE PLANS AND USE OF PROCEEDS

- (iv) Hong Kong investors' prior exposure to the online marketing service sector with five online marketing service providers being listed on the Main Board and GEM of the Stock Exchange (whilst none are listed on the Singapore Exchange Limited) and the Stock Exchange's strategy in promoting and attracting businesses in the new economy; and
- (v) higher trading liquidity of the Hong Kong stock market as compared to that of the Singapore stock market where, in particular, our Directors noted in 2018, the average daily turnover of stocks in Hong Kong was approximately HK\$107.4 billion (equivalent to approximately S\$18.4 billion) versus that of approximately HK\$7.0 billion (equivalent to approximately S\$1.2 billion) in Singapore. Further, our Directors have also noted the relevant average daily trading liquidity^{Note} of the listed companies involved in digital marketing and related industries in Hong Kong was approximately 0.3% versus that of approximately 0.1% in Singapore,

are of the view that Hong Kong is the most suitable listing venue for our Group and a listing on the Stock Exchange would augment the development of our Group's business and give us access to the capital markets (through the Share Offer and in the secondary market post Listing), providing us with additional sources for future fundraising through the issuance of equity and debt securities and allow us to gain leverage in obtaining bank financing for our expansion and our capital needs on relatively more favourable terms. For further details of our expansion plan and business strategies, please refer to the section headed "Business — 3. Business strategies" of this prospectus and the paragraphs headed "Future plans" and "Use of proceeds" in this section.

FUTURE PLANS

We intend to expand our business in line with the strategies set out in the section headed "Business — 3. Business strategies" of this prospectus. In particular, with the enhanced capital base upon Listing, we intend to (i) increase our geographic presence in Malaysia and to diversify into high potential industry sectors; (ii) expand capacity and enhance productivity by strengthening our technological infrastructure and carrying out strategic acquisition of a website development and hosting company; and (iii) continue to keep ourselves abreast of the market development for the latest market offering.

Our plan of strengthening our technological infrastructure is mainly due to the benefits brought by our current use of technology in our online marketing services such as AM+ and AM-Track. Considering these systems or platforms are licensed from Independent Third Parties and therefore certain features are limited and may not be fully integrated with our existing data or knowledge base, our executive Directors plan to build our own technology platforms. Our executive Directors are of the view that strengthening our Group's technology infrastructure would lay the foundation for more scalable growth of our Group with less reliance on manpower, and greatly enhance our competitive strength so as to maintain our leading position in the industry. Based on our executive Directors' understanding, the kind of technology platforms we would like to build are not currently available in the form of "off-the-shelf", and therefore, we will need to customise the technology platforms before use.

Note: The average daily trading liquidity is calculated with the issued shares of the listed companies involved in the digital marketing and related industries divided by its average trading volume from 1 June 2018 and 31 May 2019 and is illustrated in percentage.

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

We estimate the net proceeds of the Share Offer which we will receive, assuming an Offer Price of HK\$0.675 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), will be approximately HK\$103.0 million (equivalent to approximately S\$17.7 million), after deduction of underwriting fees, commissions and estimated expenses payable by us in connection with the Share Offer.

In line with our business strategies, we currently intend to apply the net proceeds of the Share Offer for the following purposes:

Purpose of the net proceeds of the Share Offer to be utilised	Total amount of net proceeds of the Share Offer to be utilised		Percentage of net proceeds of the Share Offer to be utilised
	<i>HK\$'million</i>	<i>S\$'million</i>	<i>%</i>
Strengthening our technological infrastructure	65.2	11.2	63.3
Acquisition of a website development and hosting company	29.3	5.0	28.5
Establishment of a sales office in Johor Bahru, Malaysia	5.9	1.0	5.7
Working capital	<u>2.6</u>	<u>0.5</u>	<u>2.5</u>
Total	<u>103.0</u>	<u>17.7</u>	<u>100.0</u>

FUTURE PLANS AND USE OF PROCEEDS

We set out below the detailed breakdown and description of our intended use of the net proceeds of the Share Offer:

- (i) as to approximately 63.3% of the net proceeds of the Share Offer, representing a total of approximately HK\$65.2 million (equivalent to approximately S\$11.2 million) to strengthen our technological infrastructure (the “**Tech Infrastructure**”) as follows:

Platforms	Functions/Features	Amount of net proceeds of the Share Offer (approx.)	Users	Purpose	Timeframe
Platform A	<p>To utilise technology to enable users to perform health checks on</p> <p>(i) the effectiveness of their search engine marketing campaigns; and/or</p> <p>(ii) user-friendliness of their existing websites,</p> <p>on a faster and larger scale with less reliance on manpower</p>	HK\$19.8 million (S\$3.4 million)	Potential clients and sales team	To facilitate our market expansion by identifying potential clients such as advertising agencies and individual users of search engine’s self-serve platforms	18 months from Q4 2019 (after hiring of the Project Team (as defined below))
Platform B	<p>To (i) digitise the keywords library for a wide spectrum of industry sectors which we have built up in our close to 14 years of operations and maintained on a manual basis (the “Digitised Keywords Library”); and (ii) utilise technology to partly automate campaign planning, execution and reporting for our search engine marketing services</p>	HK\$28.6 million (S\$4.9 million)	Digital marketing team	To enhance scalability and productivity of our search engine marketing services	<p>Phase 1: Automation of campaign planning — 18 months from Q4 2019 (after hiring of the Project Team (as defined below))</p> <p>Phase 2: Automation of campaign execution — 13 months after completion of phase 1</p>

FUTURE PLANS AND USE OF PROCEEDS

Platforms	Functions/Features	Amount of net proceeds of the Share Offer (approx.)	Users	Purpose	Timeframe
Platform C	To facilitate automatic Big Data collection from the APIs of search engines and social media platforms for all new online marketing campaigns and the Digitised Keywords Library, and data mining and analytics to identify which online platform is more suitable for each industry sector	HK\$9.9 million (S\$1.7 million)	Sales team and customer relations team, Platform A and Platform B	To facilitate our acquisition of in-depth knowledge of our clients' industry sectors (including market trends and search trends) which assists us in pitching and up-selling as well as formulation and optimisation of effective marketing campaigns	18 months from Q2 2020

, with the remaining of approximately HK\$6.9 million (equivalent to approximately S\$1.2 million) to set up and maintain an internal project team currently expected to comprise one project manager and two project engineers (the “**Project Team**”) to manage this project.

The purposes of the above platforms are elaborated as follows:

Platform A

Purpose

Platform A is an automatic Leads generation platform which helps us to increase the efficiency of our sales team and to expand our client base without reliance on manpower. The main purpose of Platform A is to enable users to utilise technology to perform health checks on the effectiveness of their search engine marketing campaigns; and/or user friendliness of their existing websites, so as to entice potential new clients to approach us for help and advice and for us to promote our services.

We had been directing new traffic to our website through our own dedicated search engines and social media marketing campaigns and trade events during the Track Record Period. However, our current website is just text based and offers no interactive tool to entice users to engage with us or leave their personal contact details. With the inclusion of Platform A on our website as a free diagnostic tool for users to check the performance of their current search engine marketing campaigns and/or websites, we believe that this will significantly improve the interaction between potential new clients and us and as a result, improve our Leads generation process tremendously.

FUTURE PLANS AND USE OF PROCEEDS

How Platform A works and its target audience

After the user of Platform A has entered the required information into the system at our website, Platform A will programmatically analyse the user's current search engine marketing campaign and/or website automatically and a teaser report containing the diagnosis results will be automatically generated and sent to the user within a minute via mobile phone and/or email (the "**Platform A Report**"). The Platform A Report is not meant for our current clients, but rather potential new clients. These potential new clients can be classified into the following two groups:

- (i) *Users which are currently advertising on search engine platforms through the self-serve platforms of search engines and/or agencies other than us*

For users of Platform A which are currently advertising on search engine platforms through the self-serve platforms of search engines and/or agencies other than us, while they are able to generate raw data comprising keywords, total keyword Impressions, total keyword clicks and total keyword cost from the search engines, they are unable to generate other key metrics including the analysis of the effectiveness and weaknesses of their respective current campaign, identification of lost opportunities, comparative analysis and change recommendations which our monthly reports to our clients will address. Platform A allows them to enter their campaign identification number ("**CID**") and login details, as well as their personal contact details (including mobile number and email) and within a minute, Platform A will programmatically analyse the performance of its current search engine marketing campaign in terms of keywords used, their corresponding Impressions, Click-through-rate and keywords missed, etc. and a Platform A Report will be automatically generated and sent to each user via its mobile phone and/or email providing a brief analysis of the effectiveness and weaknesses of its current campaign, identifying lost opportunities, comparative analysis and making recommendations for change. This will help generate Leads for us from existing advertisers which do not advertise through us but wish to improve their campaign performance. Such Leads are often more valuable and have higher potential of Conversion as these users of Platform A are already engaging in search engine marketing and they are interested in improving their campaign performance.

- (ii) *Users which are not engaging in online marketing at all but have a business website*

For users of Platform A which are not currently engaging in online marketing at all but have a business website, Platform A allows them to enter their respective business website Uniform Resource Locator ("**URL**") and personal contact details (including mobile number and email), and a Platform A Report will be automatically generated and sent to each user via its mobile phone and/or email within a minute detailing the pros and cons of its website including the downloading speed, layout, functionality, size of images, etc. More importantly, the Platform A Report will also contain information on market potential and sales opportunity based on the user's business website and its industry, which will in turn entice the business owner to engage in online marketing, and to get in touch with us for expert advice and help. For those users of Platform A which have yet to get in touch with us, the personal contact details which they have entered will build our Leads database for our sales team to proactively reach out to them.

Benefits of Platform A

Platform A will help generate quality Leads (since users of Platform A (being a free diagnostic tool available at our website) have the intention to enhance their online presence and/or engage in online marketing) for us on a larger, more far-reaching and automated scale, as compared to the current manual process of cold calling by our sales team, where it is challenging to find quality Leads and the process is often slow as it is dependent on the size, experience and knowledge of our sales team. On average, each sales person can generate two Leads daily and based on a sales team of 10, we can generate approximately 400 Leads monthly (based on 20 working days per month). With Platform A being a free diagnostic tool that is readily available for use on our website and in our marketing events, it is expected that Platform A will help us reach out to more unknown and undiscovered potential clients. Our executive Directors estimate that more than 2,000 Leads (representing approximately 0.8% of the SMEs in Singapore based on the statistical data collected by the Department of Statistics, Singapore) will be generated monthly (based on 30 working days per month as Platform A will be fully automated and will be operational on weekends and public holidays as well).

Platform B

Purpose

The objective of Platform B is to (i) create the Digitised Keywords Library to increase our overall efficiency and productivity; and (ii) employ programmatic technology to seamlessly merge (a) the planning (includes understanding client's objectives, keywords selection, creation of ad text, keyword bidding and budget setting); (b) execution (campaign set up and activation, daily monitoring and bid adjustment); and (c) report generation (generation and sending of monthly reports to clients automatically by Platform B, the contents of which are the same as the current client reports (as described in the section headed "Business — 6. Workflow of our engagement — Reporting throughout and upon completion of our engagement" of this prospectus, hereafter the "**Current Client Reports**"), via their respective mobile phone and/or email, or clients may login to our app (to be developed together with Platform B) to check the same reports real-time, such monthly and real-time reports are generally referred to as the "**Platform B Reports**") of a search engine marketing campaign all into one automatic process which will increase our productivity. The automatic generation of real-time reports will also improve our responsiveness to our clients which allows them to take immediate action to further improve campaign performance.

How Platform B works

Currently, the planning, execution (with the exception of keyword bidding which is automatically managed by AM+) as well as report generation are performed manually by our digital marketing team. It takes up to five working days to plan and execute one single campaign, and another seven working days to manually generate over 900 monthly Current Client Reports to be sent to clients by the digital marketing team.

FUTURE PLANS AND USE OF PROCEEDS

The planning, execution and reporting of search engine marketing campaigns will be automatically linked to each other under Platform B and the Automatic Report Generation System for (details, please refer to the section headed “Business — 3. Business strategies — Expanding capacity and enhancing productivity” of this prospectus) will be fully integrated into Platform B so that the planning, execution and reporting of a search engine marketing campaign can all be automatically managed at the same time on the same platform. The planning and execution of a new search engine marketing campaign will take approximately under 20 minutes and the generation of over 900 Platform B Reports will take approximately under five minutes with no labour involvement. This will result in significant efficiency and cost savings as we can rely on technology to automate a lot of the work processes which are done manually now, and this will greatly improve the campaign quality and responsiveness, as well as reduce our dependence on manpower. Platform B’s enhanced bidding function (i.e. bidding of keywords based on both the objective and budget of a client) and call-tracking function will also replace AM+ (which only allows keywords bidding based on a client’s budget) and AM-Track, respectively, which will reduce our reliance on third party licensors and enhance our services to our clients.

Benefits of Platform B

(i) The Digitised Keywords Library will increase our overall efficiency and productivity

We have built up a keywords library (kept and managed manually by our digital marketing team) for a wide spectrum of industry sectors in our close to 14 years of operations which we have used and is using to run online marketing campaigns effectively. The current keywords library comprises more than 800,000 keywords from over 100 industry sectors and their corresponding Impression, clicks, cost, email and phone Conversions are collected and recorded manually by our digital marketing team. Keywords from the same industry are then analysed and sorted manually by our digital marketing team into smaller groups based on the industry’s specific products and services. As such, the current process is time consuming and may be subject to human error and subjective interpretation. With the planned introduction of Platform B, we intend to load the data in our current keywords library onto Platform B to create the Digitised Keywords Library so as to increase the efficiency in data mining (i.e. in the context of a search engine marketing campaign, the process of examining and analysing our keywords library in order to programmatically suggest a set of keywords which is most appropriate based on our client’s industry, budget and objective for a particular campaign). With the Digitised Keywords Library incorporated in Platform B, a client’s campaign will be more effectively and efficiently implemented in accordance with its objective and budget, thereby improving our overall efficiency and productivity.

FUTURE PLANS AND USE OF PROCEEDS

(ii) Real-time access of the Platform B Report

The purpose of allowing our clients to login real-time to access the Platform B Reports (in addition to receiving them monthly) is to give them a detailed breakdown of their respective campaign performance by key metrics on a timely basis. This allows our clients to take immediate action to further improve campaign performance and is in line with the general consumer preference for “immediate gratification”. Platform B aims to improve the overall quality and efficiency of our services to clients. Our Directors believe that the real-time Platform B Reports incorporate the measurable benefits of online marketing and will meet the needs and expectations of our clients in today’s complicated and fast-evolving market.

(iii) Potential for Platform B

After Platform B has been officially launched, we plan to eventually market and introduce it as a new online service to potential new clients which are running their campaigns through the self-serve platforms of the search engines and/or other agencies. For these users, Platform B will be able to offer them a seamless and easy way to plan, execute and generate reports (including real-time access) of their search engine marketing campaigns all at the same time, which they are unable to achieve currently either through the self-serve platforms of the search engines and/or other agencies. As there is no geographical restriction for advertisers to use Platform B, which is available anytime and anywhere with Internet access simply by paying us a fee, we expect that Platform B will help to increase our revenue once it is officially launched.

Platform C

How Platform C works

The Big Data collected through the APIs (in relation to the new online marketing campaigns) as well as the Digitised Keywords Library (which we have built up in our close to 14 years of operations) will provide vital content for Platform C to analyse programmatically the effectiveness of different keywords, site placements, demographic targeting, etc. for clients (whether potential new clients to be served by Platform A, our existing clients of search engine marketing services to be served by Platform B and/or any other potential or existing clients of our online marketing services, such as social media marketing services and search engine optimisation services) from different industries. From the data collected, Platform C will then sort and group them accordingly based on industry sectors and periods (i.e. which months have higher and lower search volumes). In addition, Platform C can also offer comparative analysis across advertisers from the same industry and compare comparative benchmarks. Over time, as these Big Data grow with more clients, the system becomes more accurate to programmatically predict trends and campaign results for different industries.

Benefits of Platform C***(i) Faster and more accurate data collection, recording and analysis***

The process of data collection through APIs (set of application programming interfaces which are developed by search engines and social media platforms which allow integration into Platform C) is fully automated and we will be able to collect, record and analyse the data from search engines and social media platforms quickly and effectively (within 10 minutes per client campaign) as opposed to our digital marketing team manually collecting and recording data from search engines and social media platforms (it takes three to four hours per client campaign) and manually analysing such data online (it takes two to three days per client campaign depending on our digital marketing team member's experience and industry knowledge) which may often be subject to human error and subjective interpretation. As the data collected through the APIs are only "semi-finished" which require further organisation, grouping and analytics for them to be of any value, it is vital for us to have Platform C which has a customised programme to automatically retrieve and organise the data collected through the APIs in an efficient and cost effective manner based on industry sectors and periods. Based on the executive Directors' discussion with the external vendor, the integration of APIs into Platform C to collect, record and analyse data for one client will take approximately 10 minutes only and the data analysed will also be more consistent and standardised without the element of subjective interpretation and human error in manual data analysis. Finally, less reliance on manpower will also relieve us from the pressure in talent recruitment and retention (which is essential to our future growth) and will make our business more scalable.

(ii) Improved accuracy and effectiveness for Platforms A and B

One of the main purposes of the Big Data collected and analysed through Platform C is to be fed back to Platform A and Platform B to form the basis of our advice and recommendations to our potential new clients in the automatic Platform A Reports and our existing clients of search engine marketing services in the automatic Platform B Reports. The accuracy and effectiveness for Platform A and Platform B will increase with more Big Data collected through Platform C.

Overall benefits to our Group

These platforms will address our imminent business needs, make our business more scalable and will extend our lead in this rapidly evolving online marketing industry, and hence they are crucial to our future development.

FUTURE PLANS AND USE OF PROCEEDS

We set out below (1) a breakdown of the net proceeds of the Share Offer allocated for the recruitment of the Project Team; (2) the duration for which their salaries are covered by such net proceeds; and (3) their expected experience and qualifications:

Project Team	Net proceeds allocated for the recruitment of the Project Team		Duration for which the salaries of the Project Team are covered by the net proceeds	Expected experience and qualifications
	HK\$'million	S\$'million	Months	
One project manager	3.0	0.5	48	Eight years of experience in management consulting, corporate strategy, as a product/programme/portfolio manager or with similar experience Experience with structured query language (SQL, a domain specific language used in programming), data manipulation, reporting and quantitative analysis
Two project engineers	3.9	0.7	48	Bachelor of Science degree in Computer Science or higher, or similar technical field of study or equivalent practical experience Software development experience in one or more general purpose programming languages
Total	<u>6.9</u>	<u>1.2</u>		

We intend to kick-start this project by recruiting the Project Team in Q4 of 2019. The Project Team will be responsible for (a) identifying the specifications and features of the Tech Infrastructure in the first six months of this project so as to customise the Tech Infrastructure to the day-to-day operations of our sales, customer relations and digital marketing teams; (b) driving the development of Platform B which will involve data mining — utilising our database of major converting keywords for a wide spectrum of industry sectors accumulated over our close to 14 years of operations and developing the application infrastructure provider (a purpose built infrastructure resource) for Platform B; (c) driving the development of Platform C which will involve Big Data collection, mining and analytics of information available from the APIs of search engines and social media platforms; (d) collaborating with the external vendor; and (e) providing relevant training and ongoing support to our staff.

FUTURE PLANS AND USE OF PROCEEDS

We plan to engage the external vendor in Q1 of 2020. The external vendor, which is expected to have the technological know-how and experience, will help us develop the Tech Infrastructure and they will also be responsible for providing the specifications and testing the deliverables to fulfill our specifications.

As at the Latest Practicable Date, alpha testing on the Tech Infrastructure's design, function, effectiveness and reliability is expected to take place between Q1 of 2021 and Q4 of 2021;

- (ii) as to approximately 28.5% of the net proceeds of the Share Offer, representing approximately HK\$29.3 million (equivalent to approximately S\$5.0 million), will be used for the acquisition of a website development and hosting company with two main objectives: (a) to expand and strengthen our web team to cater to the ever growing demand for our creative and technology services; and (b) to instantly expand our client database to engage our other online marketing services, which will help to increase our revenue.

Currently, our web team's duties include developing new template or customised websites (which takes between six to eight weeks per designer to conceptualise, plan, develop and activate one website) and enhancing/troubleshooting websites which are not developed by us (which takes between two days to two weeks depending on the extent of the changes required based on the client's requests). In addition to these one-off website development and enhancement services, our web team is also responsible for responding to frequent website update requests from our existing clients in a timely manner. On average, we receive about 20 website update requests daily and such updates are often unpredictable and time sensitive, which add a strain to our web team's daily operations. Moreover, our web team is also a crucial backbone to support our search engine optimisation services. For every search engine optimisation client, our web team requires one working day to fully optimise its website structure, speed and content, in order to improve its search engine optimisation results.

As such, our Directors believe that it will benefit our Group if we seek targets which specialise in website development and hosting that have more than five years of operating history and have employed at least five full-time website designers with (a) annual turnover of approximately S\$3.0 million; (b) net profit margin of at least 15.0%; (c) an active client base of at least 700; and (d) a positive shareholder equity, in the last three years of operations. This will instantly expand and strengthen our web team (from website specialist level to management level without the need for us to invest a lot of time in recruitment and training) to cater to the growing demand in our creative and technology services (comprising search engine optimisation services and website development and hosting services), whose gross profit margin has recorded an increasing trend during the Track Record Period. Through this acquisition, we will also have instant access to hundreds of new clients which are digitally ready and have their own business websites. That will help us to reach out to more unknown and undiscovered potential clients to engage our other online marketing services.

FUTURE PLANS AND USE OF PROCEEDS

Assuming (a) the average contract sum per contract signed will remain stable at S\$21,000 (i.e. the same amount for 6M FY2019); and (b) the average conversion rate will be approximately 30% (i.e. securing a contract for every three potential new clients we approached), our executive Directors estimate that the revenue and gross profit generated from these potential new clients introduced by the acquired website development and hosting company will be approximately S\$4.4 million and S\$1.3 million, respectively, per year. As such, it is expected that the acquisition cost of the website development and hosting company (i.e. S\$5.0 million) will be fully recovered within approximately two years and eight months.

Our executive Directors estimate that it will take approximately six to 12 months for the acquired website development and hosting company to be fully integrated into our Group and for our customer relations team to build meaningful relationships with the potential new clients from the existing active client base of at least 700 of such acquired company, so as to eventually introduce our other online marketing services to them. As our current digital marketing team does not have the excess capacity to manage additional online marketing campaigns (such as search engine marketing campaigns), we are not able to enjoy the maximum benefits derived from sales opportunities from these potential new clients should the acquisition be completed in the immediate future.

We currently plan for the acquisition to take place by no later than the end of Q1 of 2021 as our executive Directors believe that this will be the time when (1) our current web team will be close to full saturation based on the growth in demand for our creative and technology services during the Track Record Period (but for the avoidance of doubt, our current web team of 11 staff as at the Latest Practicable Date is sufficient to cater for our current customer demand for our creative and technology services); and (2) we will be able to enjoy the maximum benefits from the potential new clients introduced by the acquired company since Platform B will be in operation by Q2 of 2022 where the planning, execution and reporting of search engine marketing campaigns can be managed automatically and our digital marketing team will then have free capacity to manage additional online marketing campaigns for these potential new clients.

As at the Latest Practicable Date, we had not identified nor initiated any contact with any potential acquisition targets because we would like to focus our attention and resources on the development of the Tech Infrastructure first, which will address our imminent business needs, make our business more scalable in this rapidly evolving online marketing industry, help us expand our client base on a larger, more far-reaching and automated scale, increase our revenue, enhance our services to clients, increase our productivity, reduce our reliance on manpower, relieve us from the pressure in talent recruitment and retention, and provide us with Big Data to enable us to programmatically predict trends and campaign results for different industries more accurately and effectively for all types of our online marketing services (which includes search engine optimisation services and website development and hosting services). In particular, Platform B will largely enhance our efficiency in providing search engine marketing services, which are our major revenue driver and accounted for over 80% of our revenue during the Track Record Period. However, we are prepared to expedite the timing of the acquisition of a website development and hosting company if a suitable target surfaces anytime between now and Q1 of 2021;

FUTURE PLANS AND USE OF PROCEEDS

- (iii) as to approximately 5.7% of the net proceeds of the Share Offer, representing approximately HK\$5.9 million (equivalent to approximately S\$1.0 million), will be used to establish a new sales office in Johor Bahru, Malaysia, which is the third largest city in Malaysia where some of our existing clients and potential new clients are based and is strategically positioned between our headquarters in Singapore and our sales office in Kuala Lumpur, Malaysia, to increase our geographic presence and deepen our penetration in Malaysia. Out of such amount of net proceeds, (a) approximately HK\$0.6 million (equivalent to approximately S\$0.1 million) will be utilised for office rental; (b) approximately HK\$3.7 million (equivalent to approximately S\$0.6 million) will be utilised for staff placement and recruitment (with a total of five sales staff, three customer relations executives and two administrative officers); (c) approximately HK\$0.3 million (equivalent to approximately S\$55,000) will be utilised for office fittings and equipment; and (d) approximately HK\$1.3 million (equivalent to approximately S\$0.2 million) will be utilised for related working capital for the next five years. We expect to start hiring for the new sales office in Johor Bahru in Q4 of 2019; and
- (iv) as to approximately 2.5% of the net proceeds of the Share Offer, representing approximately HK\$2.6 million (equivalent to approximately S\$0.5 million), will be used for working capital and other general corporate purposes.

In relation to the acquisition of the website development and hosting company, our Group may identify potential targets through our own research or referrals from our network. Our Board will review, discuss and, if it sees fit, approve the relevant potential acquisitions or other strategic arrangements proposals and ensure such proposals are made in compliance with the Listing Rules, applicable laws and regulations in relevant jurisdictions. As at the Latest Practicable Date, we had not engaged in any negotiations or entered into any letter of intent or any definitive commitment or agreement, whether legally binding or not, in relation to any potential acquisition and other strategic arrangements described above.

If the Offer Price is set at either the high-end or low-end of the indicative Offer Price range and assuming the Over-allotment Option is not exercised, the net proceeds of the Share Offer will increase or decrease by approximately HK\$5.0 million (equivalent to approximately S\$0.9 million). If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of the Share Offer of approximately HK\$20.3 million (equivalent to approximately S\$3.5 million), assuming an Offer Price of HK\$0.675 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at the high-end or low-end of the indicative Offer Price range, the net proceeds of the Share Offer due to us upon full exercise of the Over-allotment Option will increase or decrease by approximately HK\$0.8 million (equivalent to approximately S\$0.1 million). The net proceeds from the Share Offer due to us will be used in the same proportions as disclosed above irrespective of: (i) whether the Offer Price is determined at the high-end or low-end of the indicative Offer Price range; and (ii) whether the Over-allotment Option is exercised.

To the extent that the net proceeds of the Share Offer are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds of the Share Offer into short-term demand deposits with authorised financial institutions and/or licensed banks in Singapore or Hong Kong. Our Company will issue an appropriate announcement and make disclosure in our annual report in accordance with the Listing Rules if there is any material change in the abovementioned use of proceeds.

THE CORNERSTONE PLACING

Our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) have entered into cornerstone investment agreements with various cornerstone investors (the “**Cornerstone Investors**” and each a “**Cornerstone Investor**”) who have agreed to subscribe for such number of Placing Shares (rounded down to the nearest whole board lot of 5,000 Shares) which may be subscribed with an aggregate amount of approximately HK\$12.0 million (equivalent to approximately S\$2.1 million).

Assuming the Offer Price of HK\$0.65 (being at the low end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors (rounded down to the nearest whole board lot of 5,000 Shares) would be approximately 18,460,000 Shares, representing approximately (i) 10.3% of the Placing Shares under the Placing, assuming that the Over-allotment Option is not exercised; (ii) 8.8% of the Placing Shares under the Placing, assuming that the Over-allotment Option is fully exercised; (iii) 2.4% of the Shares in issue upon completion of the Capitalisation Issue and the Share Offer and assuming that the Over-allotment Option is not exercised; and (iv) 2.3% of the Shares in issue upon completion of the Capitalisation Issue and the Share Offer and assuming that the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK\$0.675 (being at the mid-point of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors (rounded down to the nearest whole board lot of 5,000 Shares) would be approximately 17,765,000 Shares, representing approximately (i) 9.9% of the Placing Shares under the Placing, assuming that the Over-allotment Option is not exercised; (ii) 8.4% of the Placing Shares under the Placing, assuming that the Over-allotment Option is fully exercised; (iii) 2.3% of the Shares in issue upon completion of the Capitalisation Issue and the Share Offer and assuming that the Over-allotment Option is not exercised; and (iv) 2.1% of the Shares in issue upon completion of the Capitalisation Issue and the Share Offer and assuming that the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK\$0.70 (being at the high end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors (rounded down to the nearest whole board lot of 5,000 Shares) would be approximately 17,140,000 Shares, representing approximately (i) 9.6% of the Placing Shares under the Placing, assuming that the Over-allotment Option is not exercised; (ii) 8.1% of the Placing Shares under the Placing, assuming that the Over-allotment Option is fully exercised; (iii) 2.1% of the Shares in issue upon completion of the Capitalisation Issue and the Share Offer and assuming that the Over-allotment Option is not exercised; and (iv) 2.0% of the Shares in issue upon completion of the Capitalisation Issue and the Share Offer and assuming that the Over-allotment Option is fully exercised.

CORNERSTONE INVESTORS

To the best knowledge of our Company, each of the Cornerstone Investors is not a Director or an existing Shareholder or a close associate of any Directors or existing Shareholders. Each of the Cornerstone Investors is independent from each other and makes his/her own independent investment decision. The Cornerstone Investors will subscribe for the Placing Shares pursuant to, and as part of, the Placing. The Placing Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08(1) of the Listing Rules. None of the Cornerstone Investors will have any representation on the Board or become a substantial Shareholder upon completion of the Capitalisation Issue and the Share Offer, or will subscribe for any Placing Shares under the Placing other than pursuant to the cornerstone investment agreements referred to below.

The Placing Shares to be subscribed by the Cornerstone Investors will not be affected by reallocation of the Placing Shares between the Placing and the Public Offer in the event of over-subscription under the Public Offer as described in the section headed “Structure and conditions of the Share Offer — The Public Offer — Reallocation” of this prospectus. Details of the actual number of Placing Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around Tuesday, 25 June, 2019.

OUR CORNERSTONE INVESTORS

Based on the Offer Price of HK\$0.65 (being the low end of the Offer Price range)							
Cornerstone Investor	Investment amount (approx.) HK\$'000 S\$'000		Number of Placing Shares (rounded down to nearest whole board lot of 5,000 Shares)	Approximate % of total number of Placing Shares		Approximate % of total Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer	
				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Dr. Francis Seow Choen	6,000	1,029	9,230,000	5.1	4.4	1.2	1.1
Dr. Ann Tan Sian Ann	3,000	515	4,615,000	2.6	2.2	0.6	0.6
Dr. Sng Wei-Ee Karen	3,000	515	4,615,000	2.6	2.2	0.6	0.6
Total	<u>12,000</u>	<u>2,059</u>	<u>18,460,000</u>	<u>10.3</u>	<u>8.8</u>	<u>2.4</u>	<u>2.3</u>

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$0.675 (being the mid-point of the Offer Price range)

Cornerstone Investor	Investment amount (approx.) HK\$'000 S\$'000		Number of Placing Shares (rounded down to nearest whole board lot of 5,000 Shares)	Approximate % of total number of Placing Shares		Approximate % of total Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer	
				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Dr. Francis Seow Choen	6,000	1,029	8,885,000	4.9	4.2	1.1	1.1
Dr. Ann Tan Sian Ann	3,000	515	4,440,000	2.5	2.1	0.6	0.5
Dr. Sng Wei-Ee Karen	3,000	515	4,440,000	2.5	2.1	0.6	0.5
Total	<u>12,000</u>	<u>2,059</u>	<u>17,765,000</u>	<u>9.9</u>	<u>8.4</u>	<u>2.3</u>	<u>2.1</u>

Based on the Offer Price of HK\$0.70 (being the high end of the Offer Price range)

Cornerstone Investor	Investment amount (approx.) HK\$'000 S\$'000		Number of Placing Shares (rounded down to nearest whole board lot of 5,000 Shares)	Approximate % of total number of Placing Shares		Approximate % of total Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer	
				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Dr. Francis Seow Choen	6,000	1,029	8,570,000	4.8	4.1	1.1	1.0
Dr. Ann Tan Sian Ann	3,000	515	4,285,000	2.4	2.0	0.5	0.5
Dr. Sng Wei-Ee Karen	3,000	515	4,285,000	2.4	2.0	0.5	0.5
Total	<u>12,000</u>	<u>2,059</u>	<u>17,140,000</u>	<u>9.6</u>	<u>8.1</u>	<u>2.1</u>	<u>2.0</u>

CORNERSTONE INVESTORS

The following information on the Cornerstone Investors was provided to our Company by the Cornerstone Investors.

Dr. Francis Seow Choen (“Dr. Seow”)

Dr. Seow has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 5,000 Shares) which may be subscribed with an aggregate amount of approximately HK\$6.0 million (equivalent to approximately S\$1.0 million) at the Offer Price.

Dr. Seow is an individual Cornerstone Investor. Dr. Seow is a general surgeon with over 30 years of experience. He is the medical director of Seow-Choen Colorectal Surgery Pte. Ltd. in Singapore which specialises in the treatment of colon, rectal and colorectal cancers. He also practises general surgery at Mount Elizabeth Hospital in Singapore and he has honorary membership of the Royal Australasian College of Surgeons, The Colorectal Surgical Society of Australia and the Israel Society of Colon and Rectal Surgeons. Dr. Seow is one of our long-term clients.

Dr. Ann Tan Sian Ann (陳善安) (“Dr. Tan”)

Dr. Tan has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 5,000 Shares) which may be subscribed with an aggregate amount of approximately HK\$3.0 million (equivalent to approximately S\$0.5 million) at the Offer Price.

Dr. Tan is an individual Cornerstone Investor. Dr. Tan is a specialist in obstetrics & gynaecology with over 25 years of experience. She is the medical director of Women Fertility and Fetal Centre in Singapore which specialises in obstetrics and gynaecology. Dr. Tan is involved in various community works. She was the president of (i) Perinatal Society of Singapore; (ii) Association of Women Doctors; and (iii) the Singapore Council of Women’s Organisations, and she is a board member of Halogen Foundation (a charity organisation in Singapore). Dr. Tan is one of our long-term clients.

Dr. Sng Wei-Ee Karen (孫惠玉) (“Dr. Sng”)

Dr. Sng has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 5,000 Shares) which may be subscribed with an aggregate amount of approximately HK\$3.0 million (equivalent to approximately S\$0.5 million) at the Offer Price.

Dr. Sng is an individual Cornerstone Investor. Dr. Sng is a specialist in plastic surgery with over 14 years of experience. She is the medical director of The Plastic Surgery Practice @ Orchard in Singapore which specialises in plastic surgery and she was the President of the Singapore Association of Plastic Surgeons. Dr. Sng is one of our long-term clients.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) on or before the time and date as specified in the Underwriting Agreements;

CORNERSTONE INVESTORS

- (b) neither of the Underwriting Agreements having been terminated;
- (c) the Offer Price having been agreed upon between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters);
- (d) the Listing Committee having granted the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and such approval and permission not having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (e) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investors and our Company under the relevant cornerstone investment agreements are accurate and true in all material respects and that there is no material breach of the relevant cornerstone investment agreements on the part of the relevant Cornerstone Investor; and
- (f) no relevant laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Public Offer, the Placing or in the cornerstone investment agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), he/she will not, whether directly or indirectly, at any time during the period commencing on the Listing Date and for a period of six months thereafter (the “**Lock-up Period**”), dispose of any of the relevant Shares they have subscribed pursuant to the relevant cornerstone investment agreements or any interest in any wholly-owned company of such Cornerstone Investor holding any of the relevant Shares in any way, save for certain limited circumstances, such as transfers of all or part of the relevant Shares to any of his/her wholly-owned company, provided that such transferee agrees to be subject to the terms and restrictions imposed on such Cornerstone Investor, including the Lock-up Period restriction specified in the relevant cornerstone investment agreements.

UNDERWRITING

PUBLIC OFFER UNDERWRITER

Crosby Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription by public in Hong Kong of 20,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriter has agreed, on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which it shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, without limitation:

- (a) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and
- (b) the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The obligation of the Public Offer Underwriter to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement is subject to termination. The Public Offer Underwriter may in its absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date if:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any change or prospective change (whether or not permanent) in the business or in the financial or trading position of our Group; or
 - (b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of the Cayman Islands, the BVI, Hong Kong, Singapore, Malaysia or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the “**Relevant Jurisdictions**”); or

UNDERWRITING

- (c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
- (d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
- (e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
- (f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or
- (g) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, Controlling Shareholders and executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or
- (h) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (j) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or
- (k) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed “Risk factors” of this prospectus; or
- (l) any change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or a material devaluation of Hong Kong dollar or Singapore dollar against any foreign currency; or
- (m) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

UNDERWRITING

- (n) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (o) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or
- (p) non-compliance of this prospectus or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or
- (q) an order or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group; or
- (r) any loss or damage sustained by any member of our Group; or
- (s) any litigation or claim of material importance of any third party being instigated against any member of our Group; or
- (t) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of a company; or
- (u) the Chairlady vacating her office; or
- (v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organisation that it intends to take any such action; or
- (w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof; or
- (x) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC, which in the sole and absolute opinion of the Public Offer Underwriter:
 - (a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or
 - (b) has or will or may have a material adverse effect on the success of the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or

UNDERWRITING

- (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, and/or the Share Offer to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Share Offer on the terms and in the manner contemplated in this prospectus; or
- (ii) the Public Offer Underwriter shall become aware of the fact that, or has cause to believe that:
 - (a) any of the warranties given by our Company, Controlling Shareholders and executive Directors under the Public Offer Underwriting Agreement or pursuant to the Placing Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or repeated as determined by the Public Offer Underwriter (in its sole and absolute discretion), or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect; or
 - (b) any statement contained in this prospectus, the Application Forms, the formal notice or any announcement or advertisement issued by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if such document were to be issued at that time, constitute a material omission therefrom, or that any forecasts, expressions of opinion, intention or expectation expressed in such document are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (c) there has been a material breach on the part of any of our Company, Controlling Shareholders and executive Directors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or
 - (d) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute a material omission therefrom; or
 - (e) any material adverse change or development involving a prospective change in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any member of our Group; or
 - (f) approval by the Listing Committee of the listing of, and permission to deal in, the Offer Shares to be issued or sold (including any additional Offer Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (g) we withdraw this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer.

UNDERWRITING

Undertakings to the Public Offer Underwriter

Undertakings by our Company

Our Company has undertaken to the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter, and each of our Controlling Shareholders and executive Directors has undertaken to and covenanted with the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter that he/she/it will procure our Company that:

- (a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of any share options to be granted under the Share Option Scheme or the subscription rights attaching to the Over-allotment Option or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, not without the prior written consent of the Public Offer Underwriter, and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transaction is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-month Period**”);
- (b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of any share options to be granted under the Share Option Scheme or the subscription rights attaching to the Over-allotment Option or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules or under Note (2) to Rule 10.07(2) of the Listing Rules;

UNDERWRITING

- (c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the “**Second Six-month Period**”) do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules); and
- (d) in the event that our Company does any of the acts set out in (a) or (b) above after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company’s ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that subsidiary ceasing to be a subsidiary of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally represented, warranted and undertaken to and covenanted with the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriter and our Company that, except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to any share options to be granted under the Share Option Scheme or pursuant to the Over-allotment Option and unless in compliance with the Listing Rules, he/she/it shall not, without the prior written consent of the Public Offer Underwriter, directly or indirectly, and shall procure that none of his/her/its close associates (as defined in the Listing Rules) or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, during the First Six-month Period:

- (a) offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he/she/it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); or

UNDERWRITING

- (b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under Note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second Six-month Period, (1) such disposal shall not result in any of our Controlling Shareholders ceasing to be our controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six-month Period; and (2) he/she/it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Without prejudice to our Controlling Shareholders' undertaking above, each of the Controlling Shareholders jointly and severally undertakes to the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriter and our Company that within the First Six-month Period and the Second Six-month Period, he/she/it shall:

- (a) if and when he/she/it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him/her/it (or any beneficial interest therein), immediately inform our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
- (b) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company (or any beneficial interest therein) pledged or charged by him/her/it will be disposed of, immediately inform our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

UNDERWRITING

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, except pursuant to the Share Offer or unless in compliance with the requirements of the Listing Rules, he/she/it shall not, and shall procure that the relevant registered holder(s) shall not, (i) at any time during the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or other securities of our Company in respect of which he/she/it is shown by this prospectus to be the beneficial owner; and (ii) at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be our Controlling Shareholder.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that he/she/it will, within a period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such Shares or other securities of our Company so pledged or charged; and
- (b) when he/she/it or the relevant requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer (including the exercise of the Over-allotment Option) and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which include the grant of options and the issue of Shares pursuant to the Share Option Scheme.

UNDERWRITING

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company, our Controlling Shareholders and executive Directors will enter into the Placing Underwriting Agreement with the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Prospective investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Undertakings to the Public Offer Underwriter” above in this section.

Our Company is expected to grant to the Placing Underwriters the Over-allotment Option. The Sole Global Coordinator or its agent, on behalf of the Placing Underwriters, can exercise the Over-allotment Option to require our Company to allot and issue up to an aggregate of 30,000,000 additional Shares, representing 15% of the Offer Shares initially available under the Share Offer, at the Offer Price per Placing Share, solely to cover over-allocations, if any, in the Placing.

The Over-allotment Option may be exercised by the Sole Global Coordinator any time from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer, being Friday, 19 July 2019. The purpose of the exercise of the Over-allotment Option is to settle any over-allocations in the Placing, if any. Please refer to the section headed “Structure and conditions of the Share Offer” for further details of the Over-allotment Option.

Commission, fees and expenses

The Public Offer Underwriter will receive a gross underwriting commission of 3.5% of the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer out of which any sub-underwriting commission, praecipium and selling concession will be paid. For unsubscribed Public Offer Shares reallocated to the Placing and any Placing Shares reallocated from the Placing to the Public Offer, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriter.

Based on the Offer Price of HK\$0.675 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commission, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately S\$5.5 million in total (assuming the Over-allotment Option is not exercised), and are payable by our Company. We will also pay for all expenses in connection with any exercise of the Over-allotment Option.

UNDERWRITING

SPONSOR’S AND UNDERWRITERS’ INTEREST IN OUR COMPANY

The Sponsor will receive a sponsorship fee to the Share Offer. The Sole Global Coordinator and the Underwriters will receive an underwriting commission and/or praecipium. Particulars of these underwriting commission and expenses are set forth under the paragraph headed “Commission, fees and expenses” above.

Save as disclosed above, none of the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers or the Underwriters is interested legally or beneficially in any Shares or other securities of our Company or any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase any Shares or other securities of our Company or any members of our Group or has any interest in the Share Offer.

Following the completion of the Share Offer, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement.

The Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Global Coordinator will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Share Offer. The Share Offer consists of:

- (a) the Public Offer of 20,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described under the paragraph headed “The Public Offer” below; and
- (b) the Placing of an aggregate of 180,000,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) which will conditionally be placed with selected professional, institutional, and other investors under the Placing.

Investors may apply for the Public Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both.

The number of Offer Shares to be offered under the Public Offer and the Placing may be subject to reallocation as described in the paragraph headed “The Public Offer — Reallocation” below.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Offer Shares initially offered

Our Company is initially offering 20,000,000 Public Offer Shares for subscription (subject to reallocation) at the Offer Price by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares initially available under the Share Offer. The Public Offer Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent 2.5% of the enlarged issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer, assuming the Over-allotment Option is not exercised.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Share Offer” of this section.

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The total number of Public Offer Shares available under the Public Offer (after taking into account any reallocation as referred to below) is to be divided equally (to the nearest board lot) into two pools for allocation purposes: 10,000,000 Offer Shares for pool A and 10,000,000 Offer Shares for pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate subscription price of HK\$5.0 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate subscription price of more than HK\$5.0 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) and up to the total value in pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Public Offer and any application for more than 10,000,000 Public Offer Shares, being 50% of the 20,000,000 Public Offer Shares initially available under the Public Offer are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) Where the Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Public Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Sole Global Coordinator deems appropriate;
 - (ii) if the Public Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under the Public Offer, then up to 20,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer (before taking into account any exercise of the Over-allotment Option) will be increased to 40,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Share Offer (before taking into account any exercise of the Over-allotment Option);

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (iii) if the number of Public Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Offer Shares (before taking into account any exercise of the Over-allotment Option) initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 60,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer (before taking into account any exercise of the Over-allotment Option);
 - (iv) if the number of Public Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares (before taking into account any exercise of the Over-allotment Option) available for subscription under the Public Offer will be 80,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer (before taking into account any exercise of the Over-allotment Option); and
 - (v) if the number of Public Offer Shares validly applied for under the Public Offer represents 100 times or more the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares (before taking into account any exercise of the Over-allotment Option) available for subscription under the Public Offer will be 100,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer (before taking into account any exercise of the Over-allotment Option);
- (b) Where the Placing Shares are undersubscribed:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer will not proceed unless fully underwritten by the Underwriters; and
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times the number of Offer Shares initially available for subscription under the Public offer, then up to 20,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 40,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Share Offer (before taking into account any exercise of the Over-allotment Option).

In accordance with the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, in the event of reallocation of Offer Shares between the Public Offer and the Placing in the circumstances where (i) the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (ii) the Placing Shares are undersubscribed and the Public Offer Shares are oversubscribed under paragraph (b)(ii) above, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such re-allocation shall be not more than double of the initial allocation to the Public Offer (i.e. 40,000,000 Offer Shares); and the final Offer Price shall be fixed at the low end of the indicated Offer Price range as stated in this prospectus (i.e. HK\$0.65 per Offer Share).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

In each case, the additional Offer Shares reallocated to the Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator (for itself and on behalf of the Underwriters) deems appropriate. In addition, the Sole Global Coordinator (for itself and on behalf of the Underwriters) may in its sole and absolute discretion reallocate the Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

Details of any reallocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on Tuesday, 25 June 2019.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he/she has been or will be placed or allocated Placing Shares under the Placing.

The listing of the Shares on the Stock Exchange is sponsored by the Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum offer price of HK\$0.70 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$3,535.27 for one board lot of 5,000 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and allocation" of this section below, is less than the maximum offer price of HK\$0.70 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to apply for the Public Offer Shares" of this prospectus.

THE PLACING

Number of Placing Shares offered

Subject to reallocation as described above and the Over-allotment Option, the Placing will consist of 180,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Share Offer, assuming that the Over-allotment Option is not exercised. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Placing Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company by the Placing Underwriters or through selling agents appointed by them. The Placing Shares will be selectively placed to certain professional, institutional and/or other investors in Hong Kong and elsewhere in the world outside the United States who generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the “book-building” process based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit, of our Company and our Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement described in the paragraph headed “The Public Offer — Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, we are expected to grant the Over-allotment Option to the Placing Underwriters, exercisable by the Sole Global Coordinator on behalf of the Placing Underwriters.

Pursuant to the Over-allotment Option, the Placing Underwriters will have the right, exercisable by the Sole Global Coordinator (for itself and on behalf of the Placing Underwriters) at any time from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer, being Friday, 19 July 2019, to require our Company to allot and issue, at the Offer Price, up to an aggregate of 30,000,000 additional Shares, representing 15% of the number of Offer Shares initially being offered under the Share Offer, on the same terms and conditions as those applicable to the Share Offer, to cover over-allocations in the Placing and/or the obligations of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement. We will make an announcement if the Over-allotment Option is exercised.

If the Over-allotment Option is exercised in full, the additional Offer Shares allotted and issued will represent approximately 15% of the enlarged issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer and the exercise of the Over-allotment Option.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocation in connection with the Share Offer, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates and agents, up to 30,000,000 Shares from Aactiva Media Investment pursuant to a stock borrowing arrangement (being the maximum number of Shares which may be allotted and issued by our Company upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercise of the Over-allotment Option.

If such stock borrowing arrangement with Aactiva Media Investment is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, the Stabilising Manager and/or its affiliates and agents, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period from the Listing Date and until the 30th day after the last day for the lodging of applications under the Share Offer, being Friday, 19 July 2019. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or its agent to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Public Offer, being Friday, 19 July 2019. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued under the Over-allotment Option, namely 30,000,000 Shares, which is 15% of the Offer Shares initially available under the Share Offer.

In Hong Kong, stabilising activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilising actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules include: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of our Shares; (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Specifically, prospective applicants for and investors in our Shares should note that:

- a. the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in our Shares;
- b. there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a long position;
- c. liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of our Shares;
- d. no stabilising action can be taken to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on Friday, 19 July 2019, being the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- e. the price of our Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- f. stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period. In connection with the Share Offer, the Stabilising Manager may over-allocate up to and not more than an aggregate of 30,000,000 additional Shares and cover such over-allocations by the exercise of the Over-allotment Option, which will be exercisable by the Sole Global Coordinator, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the Placing, the Stabilising Manager may borrow up to 30,000,000 Shares from Aactiva Media Investment, equivalent to the maximum number of Shares to be allotted and issued by the Company on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The same number of Shares so borrowed must be returned to Aactiva Media Investment or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-allotment Option; and (ii) the day on which the Over-allotment Option is exercised in full. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulation requirements.

No payments or other benefit will be made to Aactiva Media Investment by the Stabilising Manager in relation to the stock borrowing arrangement.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PRICING AND ALLOCATION

Determination of the Offer Price

The Sole Global Coordinator is soliciting from prospective investors indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of the Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Share Offer.

Pricing for the Offer Shares for the purpose of the Share Offer will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, 19 June 2019, or such later date as may be agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, and in any event at or before 5:00 p.m. on Thursday, 20 June 2019, and the number of Offer Shares to be allocated under the Share Offer will be determined shortly thereafter.

Range of Offer Price

The Offer Price will not be more than HK\$0.70 per Offer Share and is expected to be not less than HK\$0.65 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus.

Price payable on application

Applicants for Offer Shares under the Public Offer must pay, on application, the maximum Offer Price of HK\$0.70 for each Public Offer Share (plus the brokerage, Stock Exchange trading fee and SFC transaction levy payable on each Offer Share), amounting to a total of HK\$3,535.27 per board lot of 5,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.70 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

If, for any reason, our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price at or before 5:00 p.m. on Thursday, 20 June 2019, the Share Offer will not proceed and will lapse.

Further details are set out in the section headed “How to apply for the Public Offer Shares” of this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Change to the range of Offer Price

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during a book-building process in respect of the Placing, and with the consent of our Company, change the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In such case, we shall cause to be published, as soon as practicable following the decision to make such change, and in any event not later than the morning of the last day for lodging applications under the Public Offer:

- (a) a notice of the change on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.amgroupholdings.com**; and
- (b) such supplemental offering documents as may be required by laws of any governmental authority to be published in such manner as the relevant laws or governmental authority may require as soon as practicable following the decision to make the change.

Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics, and any other financial information in this prospectus which may change as a result of any such change.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of an extension or reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Share Offer statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. In the absence of any such notice published in relation to the reduction in the Offer Price range, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If the number of Offer Shares and/or the indicative Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

Announcement of Offer Price and basis of allocations

Announcement of the final Offer Price, together with the level of indication of interests in the Placing, and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be published on Tuesday, 25 June 2019 in the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.amgroupholdings.com**.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriter under the terms of the Public Offer Underwriting Agreement. We expect to enter into the Placing Underwriting Agreement relating to the Placing on or around the Price Determination Date. These underwriting arrangements and the Underwriting Agreements are summarised in the section headed “Underwriting” of this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, amongst other things, the satisfaction of all the following conditions, in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in the Shares in issue and to be issued pursuant to the Share Offer (including the Shares which fall to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option) and the Shares to be issued under the Capitalisation Issue and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange.

2. Placing Underwriting Agreement

The execution and delivery of the Placing Underwriting Agreement on or about Wednesday, 19 June 2019.

3. Obligations under the Underwriting Agreements

The obligations of the Underwriters under each of the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

4. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Thursday, 20 June 2019, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by us on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.amgroup Holdings.com** on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for the Public Offer Shares" of this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Offer Shares are expected to be issued on Tuesday, 25 June 2019 but will only become valid certificates of title at 8:00 a.m. (Hong Kong time) on Wednesday, 26 June 2019 provided that (i) the Share Offer has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" of this prospectus has not been exercised and has lapsed.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 26 June 2019, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 26 June 2019.

The Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 1849.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop (bearing the corporation name).

If an application is made by a person under a power of attorney, our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or the chief executive officer of our Company and/or any of its subsidiaries;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer;
- are a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, (i) complete and sign a **WHITE** Application Form; or (ii) apply online through the designated website of the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** under the **HK eIPO White Form** service.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your CCASS Investor Participant stock account or a designated CCASS Participants' stock account, either (i) complete and sign the **YELLOW** Application Form; or (ii) give **electronic application instructions** to HKSCC via CCASS.

Where to collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 13 June 2019 to 12:00 noon on Wednesday, 19 June 2019 from:

- (i) the following office of the Public Offer Underwriter:

Crosby Securities Limited

5th Floor, Capital Centre
151 Gloucester Road
Wanchai
Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (ii) any of the following branches of DBS Bank (Hong Kong) Limited, the receiving bank for the Public Offer:

District	Branch Name	Address
Hong Kong Island	Head office	G/F, The Center 99 Queen's Road Central Central Hong Kong
	Queen's Road East — DBS Treasures Centre	Shop A, G/F, Jonsim Place 228 Queen's Road East Wanchai Hong Kong
Kowloon	Amoy Plaza Branch	Shops G193–195, Amoy Plaza 77 Ngau Tau Kok Road Ngau Tau Kok Kowloon
	Mei Foo Branch	Shops N26A & N26B, Stage V Mei Foo Sun Chuen 10 & 12 Nassau Street Kowloon
New Territories	Tuen Mun Town Plaza — SME Banking Centre	Shop 23, G/F Tuen Mun Town Plaza (II) 3 Tuen Lung Street Tuen Mun New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 13 June 2019 until 12:00 noon on Wednesday, 19 June 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to “**TING HONG NOMINEES LIMITED — AM GROUP PUBLIC OFFER**” for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, 13 June 2019 — 9:00 a.m. to 5:00 p.m.
Friday, 14 June 2019 — 9:00 a.m. to 5:00 p.m.
Saturday, 15 June 2019 — 9:00 a.m. to 1:00 p.m.
Monday, 17 June 2019 — 9:00 a.m. to 5:00 p.m.
Tuesday, 18 June 2019 — 9:00 a.m. to 5:00 p.m.
Wednesday, 19 June 2019 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 19 June 2019, the last application day or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (vi) agree that none of our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any of the Placing Shares nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to deposit any Share certificate(s) into CCASS and/or to send any Share certificate(s) and/or any refund cheque(s) and/or e-Auto Refund payment instruction to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by anyone as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to **give electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed “2. Who can apply” in this section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for submitting applications under the HK eIPO White Form

You may submit your application online to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 13 June 2019 until 11:30 a.m. on Wednesday, 19 June 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 19 June 2019 or such later time under the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section.

No multiple applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to **give electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre

1/F, One & Two Exchange Square

8 Connaught Place

Central

Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participants' stock account on your behalf or your CCASS Investor Participant stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- confirm that you understand that our Company, our Directors, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Miscellaneous Provisions) Ordinance gives a public notice under that Section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of our Company; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 5,000 Public Offer Shares. Instructions for more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates⁽¹⁾:

Thursday, 13 June 2019	—	9:00 a.m. to 8:30 p.m.
Friday, 14 June 2019	—	8:00 a.m. to 8:30 p.m.
Monday, 17 June 2019	—	8:00 a.m. to 8:30 p.m.
Tuesday, 18 June 2019	—	8:00 a.m. to 8:30 p.m.
Wednesday, 19 June 2019	—	8:00 a.m. to 12:00 noon

Note:

- (1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 13 June 2019 until 12:00 noon on Wednesday, 19 June 2019 (24 hours daily, except on Wednesday, 19 June 2019, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 19 June 2019, the last application day or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed “Personal data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 19 June 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 5,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC). For further details on the Offer Price, please refer to the paragraph headed “Pricing and allocation” under section headed “Structure and conditions of the Share Offer” of this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 19 June 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 19 June 2019 or if there is a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer on Tuesday, 25 June 2019 on our Company's website at **www.amgroup Holdings.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers (where appropriate) of successful applicants under the Public Offer will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.amgroup Holdings.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, 25 June 2019;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** (alternatively: **www.hkeipo.hk/iporesult**) with a "search by ID/Business Registration Number" function on a 24-hour basis from 9:00 a.m. on Tuesday, 25 June 2019 to 12:00 midnight on Monday, 1 July 2019;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 25 June 2019 to Friday, 28 June 2019 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 25 June 2019 to Thursday, 27 June 2019 at all the receiving bank's designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Share Offer" of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance) gives a public notice under that Section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.70 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and conditions of the Share Offer — Conditions of the Share Offer" of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 25 June 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Tuesday, 25 June 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Wednesday, 26 June 2019 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” of this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 25 June 2019 or such other date as announced by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 25 June 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 25 June 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the designated CCASS Participants' stock account as stated in your Application Form on Tuesday, 25 June 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS Participants' stock account (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 25 June 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 25 June 2019, or such other date as notified by our Company as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques. If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 25 June 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions.

If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participants' stock account or your CCASS Investor Participant stock account on Tuesday, 25 June 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "11. Publication of Results" above on Tuesday, 25 June 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 25 June 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 25 June 2019. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 25 June 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.



**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION
TO THE DIRECTORS OF AM GROUP HOLDINGS LIMITED AND ALTUS CAPITAL LIMITED**

Introduction

We report on the historical financial information of AM Group Holdings Limited (the **"Company"**) and its subsidiaries (together, the **"Group"**) set out on pages I-4 to I-54, which comprises the combined statements of financial position as at 30 June 2016, 2017 and 2018 and 31 December 2018, the statements of financial position of the Company as at 30 June 2018 and 31 December 2018, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the three years ended 30 June 2018 and the six months ended 31 December 2018 (the **"Track Record Period"**) and a summary of significant accounting policies and other explanatory information (together, the **"Historical Financial Information"**). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 13 June 2019 (the **"Prospectus"**) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the **"HKICPA"**). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 30 June 2016, 2017 and 2018 and 31 December 2018, of the Company's financial position as at 30 June 2018 and 31 December 2018 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the six months ended 31 December 2017 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2400 "Engagements to Review Historical Financial Statements" issued by the International Auditing and Assurance Standards Board ("**IAASB**"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance*Adjustments*

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as defined on page I-4 as were considered necessary.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about dividends declared and paid by the group entities and states that no dividends have been declared or paid by the Company in respect of the Track Record Period.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 June 2019

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of Aactiva Media Holdings Ltd. ("**Activa (BVI)**") and its subsidiaries for the Track Record Period (the "**Underlying Financial Statements**") and the management accounts of the Company from 7 December 2017 (date of incorporation) to 30 June 2018 and for the six months ended 31 December 2018 ("**Management Accounts**"). The Underlying Financial Statements and the Management Accounts have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the Underlying Financial Statements were audited by Deloitte & Touche LLP Singapore, a firm of certified public accountants registered in Singapore, in accordance with International Standards on Auditing issued by the IAASB.

The Historical Financial Information is presented in Singapore dollars ("**S\$**") which is also the functional currency of the Company and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 30 June			Six months ended 31 December	
		2016	2017	2018	2017	2018
	Notes	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
					(unaudited)	
Revenue	6	17,248	20,732	26,554	12,532	14,017
Cost of services		<u>(10,976)</u>	<u>(13,584)</u>	<u>(16,161)</u>	<u>(8,152)</u>	<u>(9,210)</u>
Gross profit		6,272	7,148	10,393	4,380	4,807
Other income	7	220	253	244	127	115
Other gains or losses	8	(88)	(42)	11	96	(24)
Selling expenses		(733)	(1,195)	(1,293)	(668)	(580)
General and administrative expenses		(2,317)	(2,308)	(2,327)	(1,103)	(1,299)
Listing expenses		—	—	(1,816)	(627)	(794)
Finance costs	9	<u>(51)</u>	<u>(87)</u>	<u>(85)</u>	<u>(65)</u>	<u>(21)</u>
Profit before taxation		3,303	3,769	5,127	2,140	2,204
Income tax expense	10	<u>(447)</u>	<u>(527)</u>	<u>(1,142)</u>	<u>(405)</u>	<u>(495)</u>
Profit for the year/period	11	<u>2,856</u>	<u>3,242</u>	<u>3,985</u>	<u>1,735</u>	<u>1,709</u>
Other comprehensive income (expense)						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of a foreign operation		<u>35</u>	<u>15</u>	<u>7</u>	<u>5</u>	<u>(4)</u>
Profit and total comprehensive income for the year/period		<u><u>2,891</u></u>	<u><u>3,257</u></u>	<u><u>3,992</u></u>	<u><u>1,740</u></u>	<u><u>1,705</u></u>

STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	The Group				The Company	
		As at 30 June		As at 31 December		As at 30 June	As at 31 December
		2016	2017	2018	2018	2018	2018
		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Non-current assets							
Plant and equipment	16	91	133	130	111	—	—
Investment property	17	3,267	3,199	3,131	3,097	—	—
		<u>3,358</u>	<u>3,332</u>	<u>3,261</u>	<u>3,208</u>	<u>—</u>	<u>—</u>
Current assets							
Trade and other receivables	18	5,309	6,029	6,591	6,146	480	678
Bank balances and cash	19	1,444	2,332	3,724	4,806	—	—
		<u>6,753</u>	<u>8,361</u>	<u>10,315</u>	<u>10,952</u>	<u>480</u>	<u>678</u>
Current liabilities							
Trade and other payables	20	2,316	3,237	4,957	4,614	1,129	862
Contract liabilities	21	3,243	4,024	3,421	3,119	—	—
Amount due to a subsidiary	23	—	—	—	—	1,167	2,428
Bank borrowings	24	95	103	124	124	—	—
Dividend payables		143	414	—	—	—	—
Income tax payable		1,142	774	1,681	1,267	—	—
		<u>6,939</u>	<u>8,552</u>	<u>10,183</u>	<u>9,124</u>	<u>2,296</u>	<u>3,290</u>
Net current (liabilities) assets		<u>(186)</u>	<u>(191)</u>	<u>132</u>	<u>1,828</u>	<u>(1,816)</u>	<u>(2,612)</u>
Total assets less current liabilities		<u>3,172</u>	<u>3,141</u>	<u>3,393</u>	<u>5,036</u>	<u>(1,816)</u>	<u>(2,612)</u>
Non-current liability							
Bank borrowings	24	2,460	2,357	2,230	2,168	—	—
Net assets (liabilities)		<u>712</u>	<u>784</u>	<u>1,163</u>	<u>2,868</u>	<u>(1,816)</u>	<u>(2,612)</u>
Capital and reserves							
Combined share capital	25	220	220	—	—	—	—
Reserves	33	492	564	1,163	2,868	(1,816)	(2,612)
Total equity		<u>712</u>	<u>784</u>	<u>1,163</u>	<u>2,868</u>	<u>(1,816)</u>	<u>(2,612)</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Combined share capital S\$'000	Merger reserve S\$'000	Translation reserve S\$'000	(Accumulated deficits)/ retained earnings S\$'000	Total equity S\$'000
As at 1 July 2015	220	—	44	(272)	(8)
Profit for the year	—	—	—	2,856	2,856
Other comprehensive income for the year:					
Exchange differences on translation of a foreign operation	—	—	35	—	35
Total comprehensive income	—	—	35	2,856	2,891
Dividends recognised as distributions (Note 14)	—	—	—	(2,171)	(2,171)
As at 30 June 2016	220	—	79	413	712
Profit for the year	—	—	—	3,242	3,242
Other comprehensive income for the year:					
Exchange differences on translation of a foreign operation	—	—	15	—	15
Total comprehensive income	—	—	15	3,242	3,257
Dividends recognised as distributions (Note 14)	—	—	—	(3,185)	(3,185)
As at 30 June 2017	220	—	94	470	784
Profit for the year	—	—	—	3,985	3,985
Other comprehensive income for the year:					
Exchange differences on translation of a foreign operation	—	—	7	—	7
Total comprehensive income	—	—	7	3,985	3,992
Dividends recognised as distributions (Note 14)	—	—	—	(3,613)	(3,613)
Effect of reorganisation (as detailed in Note 2) (Note)	(220)	220	—	—	—
As at 30 June 2018	—	220	101	842	1,163

	Combined share capital S\$'000	Merger reserve S\$'000	Translation reserve S\$'000	(Accumulated deficits)/ retained earnings S\$'000	Total equity S\$'000
As at 30 June 2018	—	220	101	842	1,163
Profit for the period	—	—	—	1,709	1,709
Other comprehensive expense for the period:					
Exchange differences on translation of a foreign operation	—	—	(4)	—	(4)
Total comprehensive income	—	—	(4)	1,709	1,705
As at 31 December 2018	<u>—</u>	<u>220</u>	<u>97</u>	<u>2,551</u>	<u>2,868</u>
As at 1 July 2017	220	—	94	470	784
Profit for the period	—	—	—	1,735	1,735
Other comprehensive income for the period:					
Exchange differences on translation of a foreign operation	—	—	5	—	5
Total comprehensive income	—	—	5	1,735	1,740
As at 31 December 2017 (unaudited)	<u>220</u>	<u>—</u>	<u>99</u>	<u>2,205</u>	<u>2,524</u>

Note: As part of the Reorganisation (as defined in Note 2), there are series of restructuring steps within the Group mainly involved interspersing Activa (BVI) between the Controlling Shareholders (as defined in Note 1) and the operating subsidiaries (details as set out in Note 2). 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 ActivaMedia (M) Sdn. Bhd. (“**Activa Media (M)**”) was credited to merger reserve.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 30 June			Six months ended 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000
				(unaudited)	
OPERATING ACTIVITIES					
Profit before taxation	3,303	3,769	5,127	2,140	2,204
Adjustments for:					
Depreciation of plant and equipment	27	65	65	30	30
Depreciation of investment property	68	68	68	34	34
Finance costs	51	87	85	65	21
Bad debts directly written off	51	33	78	36	—
Impairment loss, net of reversal on trade receivables	—	130	73	(8)	41
Exchange difference	38	16	3	32	(3)
Operating cash flows before movements in working capital	3,538	4,168	5,499	2,329	2,327
Movements in working capital:					
(Increase) decrease in trade and other receivables	(346)	(1,812)	(482)	(796)	602
(Decrease) increase in trade and other payables	(475)	921	1,720	1,039	(343)
(Decrease) increase in contract liabilities	(551)	781	(603)	99	(302)
Cash generated from operations	2,166	4,058	6,134	2,671	2,284
Income tax paid	(404)	(895)	(235)	(174)	(909)
NET CASH FROM OPERATING ACTIVITIES	1,762	3,163	5,899	2,497	1,375
INVESTING ACTIVITIES					
Purchase of plant and equipment	(74)	(107)	(62)	(58)	(11)
(Advance to) repayment from a related party	(2)	929	—	—	—
Advances to shareholders	(2,065)	(2,914)	(1,087)	(993)	—
NET CASH USED IN INVESTING ACTIVITIES	(2,141)	(2,092)	(1,149)	(1,051)	(11)

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
FINANCING ACTIVITIES					
New bank loan raised	339	—	—	—	—
Repayment of bank borrowings	(102)	(95)	(106)	(44)	(62)
Interest paid	(51)	(87)	(85)	(65)	(21)
Dividends paid	—	—	(2,940)	—	—
Deferred share issue costs paid	—	—	(231)	—	(198)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	186	(182)	(3,362)	(109)	(281)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(193)	889	1,388	1,337	1,083
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	1,639	1,444	2,332	2,332	3,724
Effect of foreign exchange rate changes	(2)	(1)	4	5	(1)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD represented by bank balances and cash	1,444	2,332	3,724	3,674	4,806

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 December 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The ultimate holding company of the Company is Activa Media Investment Limited (“**Activa Media Investment**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and owned as to 50% each by Ms. Teo Li Lian (“**Ms. L. Teo**”) and Mr. Teo Kuo Liang (“**Mr. V. Teo**”) who is the brother of Ms. L. Teo (collectively referred to as the “**Controlling Shareholders**”). The address of the Company’s registered office and the principal place of business are set out in the section headed “Corporate information” of the Prospectus.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of search engine marketing and social media marketing services.

The Historical Financial Information is presented in Singapore dollars (“**S\$**”), which is the same as the functional currency of the Company and its subsidiaries.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB and the principle of merger accounting under Accounting Guidelines 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA.

Prior to the group reorganisation and throughout the Track Record Period as disclosed in the section headed “History, Reorganisation and Group structure” of the Prospectus (the “**Reorganisation**”), Ms. L. Teo and Mr. V. Teo each beneficially owned 50% of the issued share capital of Activa Media (S), Activa Media Consultancy and Activa Media (M), three operating subsidiaries of the Group, respectively.

For the purpose of the listing of the Company’s shares on the Main Board of the Stock Exchange, the Group underwent the Reorganisation which comprised the following steps:

- (i) on 8 November 2017, Activa (BVI) was incorporated in BVI with limited liability and authorised shares of 50,000 shares of a single class with a par value of US\$1.00. No subscriber share was allotted or issued on the date of incorporation. On 17 November 2017, one subscriber share was allotted and issued as fully paid to Activa Media Investment, which is owned by the Controlling Shareholders, at par;
- (ii) on 7 December 2017, the Company was incorporated as an exempted company with limited liability and the initial one nil-paid subscriber share was issued to the initial subscriber (Conyers Trust Company (Cayman) Limited, a subscriber arranged by the corporate services company who incorporated the Company) and transferred to Activa Media Investment at nil-paid on the same date. The authorised share capital of the Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each at the time of incorporation;
- (iii) on 31 March 2018, Ms. L. Teo and Mr. V. Teo transferred their respective shareholding interest in Activa Media (S) to Activa (BVI) in consideration of Activa (BVI) allotting and issuing 1 share to Activa Media Investment credited as fully paid and Activa Media Investment allotting and issuing 1 share to each of Ms. L. Teo and Mr. V. Teo, credited as fully paid;
- (iv) on 31 March 2018, Ms. L. Teo and Mr. V. Teo transferred their respective shareholding interest in Activa Media Consultancy to Activa (BVI) in consideration of Activa (BVI) allotting and issuing 1 share to Activa Media Investment credited as fully paid and Activa Media Investment allotting and issuing 1 share to each of Ms. L. Teo and Mr. V. Teo, credited as fully paid;

- (v) on 31 March 2018, Ms. L. Teo and Mr. V. Teo, transferred their respective beneficial shareholding interest in Activa Media (M), including 2% equity interests in Activa Media (M) held by two individuals on trust for Ms. L. Teo and Mr. V. Teo, to Activa (BVI) in consideration of Activa (BVI) allotting and issuing 1 share to Activa Media Investment credited as fully paid and Activa Media Investment allotting and issuing 1 share to each of Ms. L. Teo and Mr. V. Teo, credited as fully paid.
- (vi) on 3 June 2019, Activa Media Investment transferred its entire shareholding interest in Activa (BVI) to the Company in consideration of the Company allotting and issuing 99 shares to Activa Media Investment, credited as fully paid and the initial share held by Activa Media Investment.

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

As details above, the Reorganisation involves interspersing investment holding companies (including the Company and Activa (BVI)) between Activa Media (S), Activa Media Consultancy and Activa Media (M) and the Controlling Shareholders. Since the Controlling Shareholders' interests in Activa Media (S), Activa Media (M) and Activa Media Consultancy are the same before and after the Reorganisation, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as continuing entity, accordingly, the Historical Financial Information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Track Record Period.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period have been prepared to present the results, changes in equity and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 30 June 2016, 2017 and 2018 and 31 December 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure upon the completion of the Reorganisation had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. ADOPTION OF NEW AND REVISED IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRSs, which are effective for the Group's accounting periods beginning on 1 July 2018 (including IFRS 15 "Revenue from Contracts With Customers") on a consistent basis throughout the Track Record Period, except that the Group adopted IFRS 9 Financial Instruments on 1 July 2018 and IAS 39 Financial Instruments: Recognition and Measurement during the three years ended 30 June 2018. The application of IFRS 9 on 1 July 2018 has no impact on the combined financial position of the Group with regard to classification and measurement of financial instruments nor has any material additional impairment been recognised upon application of expected credit loss approach as at the same date. The accounting policies for revenue recognition under IFRS 15 and financial instruments under IFRS 9 are set out in Note 4 below.

New and revised IFRSs in issue but not yet effective

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

IFRS 16	Leases ¹
IFRS 17	Insurance Contracts ³
IFRIC 23	Uncertainty over Income Tax Treatments ¹
Amendments to IFRS 3	Definition of a Business ⁴
Amendments to IFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IAS 1 and IAS 8	Definition of Material ⁵
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle ¹

- ¹ Effective for annual periods beginning on or after 1 January 2019.
- ² Effective for annual periods beginning on or after a date to be determined.
- ³ Effective for annual periods beginning on or after 1 January 2021.
- ⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- ⁵ Effective for annual periods beginning on or after 1 January 2020.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

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

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of S\$87,000 as disclosed in Note 26. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16.

In addition, the Group currently considers refundable rental deposits paid of S\$31,000 and refundable rental deposits received of S\$28,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which confirm with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below.

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

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

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

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

The principal accounting policies are set out below.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

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

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

Merger accounting for business combination involving entities under common control

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

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

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

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;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

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

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

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

Revenue from search engine marketing services and social media marketing services to customers are recognised as a performance obligation satisfied over time. The Group generally requires customers to provide upfront payments of certain percentage of the contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit. The period for search engine marketing services and social media marketing services is generally within 1 year. Revenue recognised from these services are based on a fixed fee.

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

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

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

Input method

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

Leasing

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

The Group as lessee

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

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

The Group as lessor

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the combined 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.

Borrowing costs

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

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

Government grants

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before taxation' as reported in the combined statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and 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 combined financial statements and the corresponding tax base 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.

The carrying amount of deferred tax assets is reviewed at the end of each 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 measured at the tax rates that are expected to apply in the period in which 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 each 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Plant and equipment

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

Depreciation is recognised so as to write off the cost of investment properties 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 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.

Impairment on tangible assets

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

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

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

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

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

Provisions

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

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

Financial instruments*Initial recognition under IAS 39 and IFRS 9*

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

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.

*Before the adoption of IFRS 9 on 1 July 2018***Financial assets**

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

Effective interest method

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

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

Loans and receivables

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

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

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

Derecognition

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

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

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

After the application of IFRS 9***Financial assets***

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

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

Classification of financial assets

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

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

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

Debt instruments that meet the following conditions are subsequently measured 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 subsequently measured at FVTPL.

Financial assets at amortised cost and effective interest method

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

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

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

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

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

Impairment of financial assets

Impairment of financial assets under ECL model

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

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

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

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

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

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

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

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

Definition of default

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

- when there is a breach of financial covenants by the counterparty; 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 also considers that default has occurred when the instrument 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.

Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower; or
- (b) a breach of contract, such as a default or past due event; or
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty 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 directly in profit or loss.

Measurement and recognition of ECL

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

Classification of financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

5. SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the management of the Group are required to make 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.

Key sources of estimation uncertainty

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

Estimated impairment of trade receivables

In determining the recoverability of trade receivables, the management assesses the recoverable amount of each individual receivable at 30 June 2016, 2017 and 2018 based on objective evidence such as default rates in prior years, historical payment pattern of customers, ageing profile of receivable balances, and settlements subsequent to year end.

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

Starting from 1 July 2018, 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 rate 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 30 and 18, respectively.

As at 30 June 2016, 2017 and 2018 and 31 December 2018, the carrying amounts of trade receivables of the Group were approximately S\$3,368,000, S\$4,378,000, S\$4,487,000 and S\$4,192,000, respectively (Note 18).

6. REVENUE AND SEGMENT INFORMATION

Revenue

The analysis of the Group's revenue for the Track Record Period is as follow:

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Search engine marketing services	14,225	17,784	22,043	10,765	11,916
Creative and technology services	2,973	2,647	3,776	1,413	1,684
Social media marketing services	<u>50</u>	<u>301</u>	<u>735</u>	<u>354</u>	<u>417</u>
	<u>17,248</u>	<u>20,732</u>	<u>26,554</u>	<u>12,532</u>	<u>14,017</u>
Timing of revenue recognition:					
Over time					
— Search engine marketing services	14,225	17,784	22,043	10,765	11,916
— Social media marketing services	<u>50</u>	<u>301</u>	<u>735</u>	<u>354</u>	<u>417</u>
	14,275	18,085	22,778	11,119	12,333
At point in time:					
— Creative and technology services	<u>2,973</u>	<u>2,647</u>	<u>3,776</u>	<u>1,413</u>	<u>1,684</u>
	<u>17,248</u>	<u>20,732</u>	<u>26,554</u>	<u>12,532</u>	<u>14,017</u>

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 as the Group performs. Revenue is recognised for these search engine marketing services and social media marketing services. The Group generally requires customers to provide upfront payments of certain percentage of the contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit. The period for search engine marketing services and social media marketing services is generally within 1 year. Revenues recognised from these services are based on a fixed fee. The Group generally bills the remaining balances on a monthly basis and it does not allow credit terms for its customers.

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

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

Segment information

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

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

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 2016

	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	<u>14,225</u>	<u>2,973</u>	<u>50</u>	<u>17,248</u>
RESULT				
Segment profit	<u>3,896</u>	<u>2,369</u>	<u>7</u>	6,272
Unallocated other income				220
Other losses				(88)
Selling expenses				(733)
General and administrative expenses				(2,317)
Finance costs				<u>(51)</u>
Profit before taxation				<u>3,303</u>

Year ended 30 June 2017

	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	<u>17,784</u>	<u>2,647</u>	<u>301</u>	<u>20,732</u>
RESULT				
Segment profit	<u>5,008</u>	<u>2,125</u>	<u>15</u>	7,148
Unallocated other income				253
Other losses				(42)
Selling expenses				(1,195)
General and administrative expenses				(2,308)
Finance costs				<u>(87)</u>
Profit before taxation				<u>3,769</u>

Year ended 30 June 2018

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

Period ended 31 December 2017 (unaudited)

	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	<u>10,765</u>	<u>1,413</u>	<u>354</u>	<u>12,532</u>
RESULT				
Segment profit	<u>3,227</u>	<u>1,072</u>	<u>81</u>	4,380
Unallocated other income				127
Other gains				96
Selling expenses				(668)
Listing expenses				(627)
General and administrative expenses				(1,103)
Finance costs				<u>(65)</u>
Profit before taxation				<u>2,140</u>

Period ended 31 December 2018

	Search engine marketing services S\$'000	Creative and technology services S\$'000	Social media marketing services S\$'000	Total S\$'000
REVENUE				
External sales and segment revenue	<u>11,916</u>	<u>1,684</u>	<u>417</u>	<u>14,017</u>
RESULT				
Segment profit	<u>3,369</u>	<u>1,309</u>	<u>129</u>	4,807
Unallocated other income				115
Other losses				(24)
Selling expenses				(580)
General and administrative expenses				(1,299)
Listing expenses				(794)
Finance costs				<u>(21)</u>
Profit before taxation				<u>2,204</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by each segment without allocation of general and administrative expenses, selling expenses, finance costs, listing expenses, other income and other gains or losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

	Year ended 30 June			Six months ended 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000 (unaudited)	2018 S\$'000
Singapore (country of domicile)	16,356	19,153	23,455	11,037	11,583
Malaysia	892	1,579	3,099	1,495	2,434
	<u>17,248</u>	<u>20,732</u>	<u>26,554</u>	<u>12,532</u>	<u>14,017</u>

Non-current assets by geographical location

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

	As at 30 June			As at 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000
Singapore (country of domicile)	3,337	3,309	3,240	3,191	
Malaysia	21	23	21	17	
	<u>3,358</u>	<u>3,332</u>	<u>3,261</u>	<u>3,208</u>	

Information about major customers

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

7. OTHER INCOME

	Year ended 30 June			Six months ended 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000 (unaudited)	2018 S\$'000
Government grants (<i>Note</i>)	101	48	48	6	29
Rental income	93	136	124	68	58
Others	26	69	72	53	28
	<u>220</u>	<u>253</u>	<u>244</u>	<u>127</u>	<u>115</u>

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

8. OTHER GAINS OR LOSSES

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Net exchange losses (gains)	<u>88</u>	<u>42</u>	<u>(11)</u>	<u>(96)</u>	<u>24</u>

9. FINANCE COSTS

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Interest on bank borrowings	<u>51</u>	<u>87</u>	<u>85</u>	<u>65</u>	<u>21</u>

10. INCOME TAX EXPENSE

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Tax expense comprises:					
Current Tax					
— Singapore corporate income tax (“CIT”)	444	505	1,071	412	402
— Malaysia corporate tax	—	—	107	11	96
Under (over) provision from prior year/period	<u>3</u>	<u>22</u>	<u>(36)</u>	<u>(18)</u>	<u>(3)</u>
	<u>447</u>	<u>527</u>	<u>1,142</u>	<u>405</u>	<u>495</u>

Singapore CIT is calculated at 17% of the estimated assessable profit for the Track Record Period.

Malaysia corporate tax is calculated at 18% for the first MYR500,000 of estimated assessable profit and 24% for the remaining estimated assessable profit for the Track Record Period.

The tax charge for the Track Record Period can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 30 June			Six months ended 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000 (unaudited)	2018 S\$'000
Profit before taxation	<u>3,303</u>	<u>3,769</u>	<u>5,127</u>	<u>2,140</u>	<u>2,204</u>
Tax at Singapore CIT rate of 17%	561	641	872	364	375
Tax effect of income not taxable for tax purpose	(102)	(82)	(46)	(44)	(26)
Tax effect of different tax rate in foreign jurisdiction	2	20	22	10	15
Tax effect of expenses not deductible for tax purpose	24	22	330	93	134
Effect of tax concession (<i>Note</i>)	(17)	—	—	—	—
Utilisation of tax losses previously not recognised	(24)	(96)	—	—	—
Under (over) provision from prior year/period	<u>3</u>	<u>22</u>	<u>(36)</u>	<u>(18)</u>	<u>(3)</u>
Income tax expense for the year/period	<u>447</u>	<u>527</u>	<u>1,142</u>	<u>405</u>	<u>495</u>

Note: Tax concession pertains to incentive schemes given by the Singapore tax authority. One of the major tax concession is Productivity and Innovation Credit (“**PIIC**”) Scheme.

As at 30 June 2016, 2017 and 2018 and 31 December 2018, the Group has unused tax losses of S\$0.4 million, S\$nil, S\$nil and S\$nil available for offset against future profits, respectively. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

11. PROFIT FOR THE YEAR/PERIOD

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Profit for the year/period has been arrived at after charging (crediting):					
Directors' emoluments (<i>Note 12</i>)					
Salaries, allowances and other benefits	744	744	744	372	472
Retirement benefit scheme contributions	<u>24</u>	<u>56</u>	<u>52</u>	<u>24</u>	<u>24</u>
	768	800	796	396	496
Other staff costs					
Salaries, allowances and other benefits	1,658	2,138	2,327	1,204	1,121
Retirement benefit scheme contributions	<u>240</u>	<u>281</u>	<u>295</u>	<u>141</u>	<u>155</u>
Total staff costs	<u>2,666</u>	<u>3,219</u>	<u>3,418</u>	<u>1,741</u>	<u>1,772</u>
Auditors' remuneration	12	32	24	10	12
Minimum lease payments	280	186	130	68	62
Depreciation expenses:					
Investment property	68	68	68	34	34
Plant and equipment	27	65	65	30	30
Bad debt directly written off	51	33	78	36	—
Impairment loss, net of reversal on trade receivables	—	130	73	(8)	41
Gross rental income from an investment property	(93)	(136)	(124)	(68)	(58)
Less: direct operating expenses incurred for investment property that generated rental income during the year/period	<u>68</u>	<u>68</u>	<u>68</u>	<u>34</u>	<u>34</u>
	<u>(25)</u>	<u>(68)</u>	<u>(56)</u>	<u>(34)</u>	<u>(24)</u>

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable by the entities comprising the Group to the Directors and the chief executive of the Company (including emoluments for the services as employees or directors of the entities comprising the Group prior to becoming directors or chief executive of the Company) during the Track Record Period for their services rendered are as follows:

(a) Executive directors

Year ended 30 June 2016

	Fees <i>S\$'000</i>	Salaries, allowances and other benefits <i>S\$'000</i>	Retirement benefit scheme contributions <i>S\$'000</i>	Total <i>S\$'000</i>
Ms. L. Teo (<i>Note i</i>)	—	372	12	384
Mr. V. Teo (<i>Note ii</i>)	—	372	12	384
	—	744	24	768

Year ended 30 June 2017

	Fees <i>S\$'000</i>	Salaries, allowances and other benefits <i>S\$'000</i>	Retirement benefit scheme contributions <i>S\$'000</i>	Total <i>S\$'000</i>
Ms. L. Teo (<i>Note i</i>)	—	372	28	400
Mr. V. Teo (<i>Note ii</i>)	—	372	28	400
	—	744	56	800

Year ended 30 June 2018

	Fees <i>S\$'000</i>	Salaries, allowances and other benefits <i>S\$'000</i>	Retirement benefit scheme contributions <i>S\$'000</i>	Total <i>S\$'000</i>
Ms. L. Teo (<i>Note i</i>)	—	372	26	398
Mr. V. Teo (<i>Note ii</i>)	—	372	26	398
	—	744	52	796

Six months ended 31 December 2017 (unaudited)

	Fees	Salaries, allowances and other benefits	Retirement benefit scheme contributions	Total
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Ms. L. Teo (<i>Note i</i>)	—	186	12	198
Mr. V. Teo (<i>Note ii</i>)	—	186	12	198
	—	372	24	396

Six months ended 31 December 2018

	Fees	Salaries, allowances and other benefits	Retirement benefit scheme contributions	Total
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Ms. L. Teo (<i>Note i</i>)	—	245	12	257
Mr. V. Teo (<i>Note ii</i>)	—	227	12	239
	—	472	24	496

Notes:

- (i) Ms. L. Teo was appointed as an executive director, the chairlady of the board of directors and chief executive officer of the Company on 7 December 2017. Her emoluments disclosed above include those for services rendered by her as the chief executive officer.
- (ii) Mr. V. Teo was appointed as an executive director of the Company on 7 December 2017.

The Executive Directors' emoluments shown above were for their services in connection with the management affairs of the companies comprising the Group during the Track Record Period.

(b) Independent non-executive directors

No independent non-executive directors were appointed by the Company during the Track Record Period. Mr. Chung Kwok Hoe, Mr. Tan Eng Ann and Mr. Lee Shy Tsong are to be appointed as independent non-executive directors of the Company on 3 June 2019.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group for the Track Record Period include two directors, details of whose emoluments are set out in Note 12 above. Details of the emoluments of the remaining three highest paid individuals for the Track Record Period are as follows:

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Salaries, allowances and other benefits	301	368	371	267	229
Retirement benefit scheme contributions	45	50	39	16	21
	<u>346</u>	<u>418</u>	<u>410</u>	<u>283</u>	<u>250</u>

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:

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees
				(unaudited)	
Nil to HK\$1,000,000	3	2	3	3	3
HK\$1,000,001 to HK\$1,500,000	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>

During the Track Record Period, 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 Track Record Period.

14. DIVIDENDS

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Dividends declared	<u>2,171</u>	<u>3,185</u>	<u>3,613</u>	<u>—</u>	<u>—</u>

During the years ended 30 June 2016, 2017 and 2018, the entities comprising the Group declared dividends of S\$2,171,000, S\$3,185,000 and S\$3,613,000 to the then shareholders. Dividends amounting to S\$2,065,000, S\$2,914,000 and S\$1,087,000 were paid through offsetting against the amounts due from shareholders during the years ended 30 June 2016, 2017 and 2018, respectively. The remaining dividends payables amounted to S\$2,940,000 were paid in cash during the year ended 30 June 2018.

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

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

15. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the results of the Group for the Track Record Period that is on a combined basis as set out in Note 2.

16. PLANT AND EQUIPMENT

	Leasehold improvements S\$'000	Furniture and fixtures S\$'000	Computers S\$'000	Office equipment S\$'000	Total S\$'000
COST					
As at 1 July 2015	71	57	245	619	992
Additions	31	16	18	9	74
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 June 2016	102	73	263	628	1,066
Additions	29	37	41	—	107
Disposals	(56)	(44)	(131)	(610)	(841)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 June 2017	75	66	173	18	332
Additions	35	—	24	3	62
Disposals	—	(2)	(36)	—	(38)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 June 2018	110	64	161	21	356
Additions	—	—	11	—	11
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2018	<u>110</u>	<u>64</u>	<u>172</u>	<u>21</u>	<u>367</u>
ACCUMULATED DEPRECIATION					
As at 1 July 2015	55	43	238	612	948
Provided for the year	4	4	17	2	27
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 June 2016	59	47	255	614	975
Provided for the year	16	15	31	3	65
Eliminated on disposals	(56)	(44)	(131)	(610)	(841)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 June 2017	19	18	155	7	199
Provided for the year	22	13	27	3	65
Eliminated on disposals	—	(2)	(36)	—	(38)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 June 2018	41	29	146	10	226
Provided for the period	10	6	13	1	30
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2018	<u>51</u>	<u>35</u>	<u>159</u>	<u>11</u>	<u>256</u>
CARRYING VALUES					
As at 30 June 2016	<u>43</u>	<u>26</u>	<u>8</u>	<u>14</u>	<u>91</u>
As at 30 June 2017	<u>56</u>	<u>48</u>	<u>18</u>	<u>11</u>	<u>133</u>
As at 30 June 2018	<u>69</u>	<u>35</u>	<u>15</u>	<u>11</u>	<u>130</u>
As at 31 December 2018	<u>59</u>	<u>29</u>	<u>13</u>	<u>10</u>	<u>111</u>

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

Leasehold improvements	20% or shorter of lease term
Furniture and fixtures	20%
Computers	50%
Office equipment	20%

17. INVESTMENT PROPERTY

	Leasehold property S\$'000
COST	
As at 1 July 2015, 30 June 2016, 2017 and 2018 and 31 December 2018	<u>3,397</u>
ACCUMULATED DEPRECIATION	
As at 1 July 2015	62
Provided for the year	<u>68</u>
As at 30 June 2016	130
Provided for the year	<u>68</u>
As at 30 June 2017	198
Provided for the year	<u>68</u>
As at 30 June 2018	266
Provided for the period	<u>34</u>
As at 31 December 2018	<u>300</u>
CARRYING VALUE	
As at 30 June 2016	<u>3,267</u>
As at 30 June 2017	<u>3,199</u>
As at 30 June 2018	<u>3,131</u>
As at 31 December 2018	<u>3,097</u>

The above investment property is a leasehold property located in Singapore depreciated over 50 years on a straight-line basis.

The Group's property interest is leased out under operating leases for lease terms of 3 years to earn rentals or for capital appreciation purposes. The property is measured using the costs 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 2016, 2017 and 2018 and 31 December 2018 (*Note 24*).

As at 30 June 2016, 2017 and 2018 and 31 December 2018, the fair values of the investment property amounted to approximately S\$3,300,000, S\$3,200,000, S\$3,340,000 and S\$3,320,000, respectively. The fair values have been arrived by the management by using comparable market transactions of similar properties in the neighbourhood that have been transferred in the open market. There has been no change from the valuation technique used during the Track Record Period.

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

18. TRADE AND OTHER RECEIVABLES

	The Group				The Company	
	As at 30 June		As at 31 December		As at 30 June	As at 31 December
	2016	2017	2018	2018	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	3,554	4,645	4,747	4,313	—	—
Less: allowance for doubtful debts	(186)	(267)	(260)	(121)	—	—
	3,368	4,378	4,487	4,192	—	—
Unbilled revenue	639	1,012	1,150	1,002	—	—
	4,007	5,390	5,637	5,194	—	—
Deposits	81	49	38	38	—	—
Prepayment	48	46	45	27	—	—
Amount due from a related party (<i>Note</i>)	929	—	—	—	—	—
Deferred share issue costs	—	—	480	678	480	678
Staff loans	—	70	70	70	—	—
Other receivables	244	474	321	139	—	—
Total trade and other receivables	5,309	6,029	6,591	6,146	480	678

Note: The balance represented amount due from a former director who is the father of Mr. V. Teo and Ms. L. Teo. The amount was non-trade related, unsecured, non-interest bearing and repayable on demand. The balance at 1 July 2015 to S\$927,000. The maximum amount due from a former director during the year ended 30 June 2016 and 2017 was S\$929,000, S\$929,000, respectively. Such amount was fully settled during the year ended 30 June 2017.

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

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

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

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

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Less than 30 days	1,117	1,570	1,358	1,581
31–60 days	581	684	745	516
61–90 days	477	378	758	499
91–120 days	728	682	709	477
Over 120 days	465	1,064	917	1,119
	3,368	4,378	4,487	4,192

As at 30 June 2016, 2017 and 2018, the Group recognised the allowance for certain trade receivables which has been past due and considered as doubtful debts or irrecoverable by the management.

Movement in allowance for doubtful debts:

	Year ended 30 June		
	2016 S\$'000	2017 S\$'000	2018 S\$'000
At 1 July	186	186	267
Impairment losses recognised on receivables	—	130	73
Amount written off as uncollectible	—	(49)	(80)
At 30 June	<u>186</u>	<u>267</u>	<u>260</u>

Included in the Group's trade receivables balance as at 30 June 2016, 2017 and 2018 with aggregate carrying amounts of S\$3,368,000, S\$4,378,000 and S\$4,487,000 respectively which are past due at the reporting date for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	As at 30 June		
	2016 S\$'000	2017 S\$'000	2018 S\$'000
Overdue:			
Less than 30 days	1,117	1,570	1,358
31–60 days	581	684	745
61–90 days	477	378	758
91–120 days	728	682	709
Over 120 days	<u>465</u>	<u>1,064</u>	<u>917</u>
	<u>3,368</u>	<u>4,378</u>	<u>4,487</u>

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

Starting from 1 July 2018, the Group applied simplified approach to provide the expected credit losses prescribed by IFRS 9. The impairment methodology is set out in Notes 4 and 30.

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The directors of the Company consider that the ECL for other receivables are insignificant as at 31 December 2018. Details of the credit risk assessment are included in Note 30.

Movement in lifetime ECL that has been recognised in accordance with simplified approach set out in IFRS 9 for the six months ended 31 December 2018 is as follows:

	Stage 2 (Non-Credit impaired) S\$'000	Stage 3 (Credit impaired) S\$'000	Total S\$'000
At the beginning of the period	—	260	260
Amounts charged to profit and loss	9	32	41
Written off	—	(180)	(180)
At the end of the period	<u>9</u>	<u>112</u>	<u>121</u>

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

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of S\$4,192,000 which are past due as at the reporting date, of which S\$2,596,000 has been past due but less than 90 days and S\$1,596,000 has been past due 90 days or more. The directors of the Company are in the view that there have been no significant increase in credit risk or default because such balances were subsequently settled.

The movement for the six months ended 31 December 2018, in lifetime ECL, has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9. During the six months ended 31 December 2018, impairment loss of S\$32,000 was recognised for credit-impaired trade receivables and impairment loss of S\$9,000 was recognised for non-credit impaired trade receivables.

19. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rate of nil per annum as at 30 June 2016, 2017, 2018 and 31 December 2018. The directors of the Company consider that the ECL for bank balances is insignificant as at 31 December 2018.

20. TRADE AND OTHER PAYABLES

	The Group				The Company	
	As at 30 June		As at 31 December		As at 30 June	As at 31 December
	2016	2017	2018	2018	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	47	1,163	2,873	2,942	—	—
Accrued expenses	1,892	1,559	190	202	—	—
Accrued listing expenses/share issue costs	—	—	1,129	862	1,129	862
Deposits received	97	129	217	231	—	—
Goods and services tax payables	261	372	395	362	—	—
Other payables	19	14	153	15	—	—
	<u>2,316</u>	<u>3,237</u>	<u>4,957</u>	<u>4,614</u>	<u>1,129</u>	<u>862</u>

The ageing analysis of the trade payables based on invoice date at the end of each reporting period is as follows:

	The Group			
	As at 30 June		As at 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2018 S\$'000
Less than 30 days	25	25	1,501	1,324
31–60 days	1	1,118	1,372	1,613
61–90 days	—	—	—	5
91–120 days	21	20	—	—
	<u>47</u>	<u>1,163</u>	<u>2,873</u>	<u>2,942</u>

21. 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:

	The Group			
	At 30 June		At 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2018 S\$'000
At the beginning of year/period	3,794	3,243	4,024	3,421
Receipt from customers upon entering sales contracts during the year/period	13,724	18,866	22,175	12,030
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	(3,794)	(3,243)	(4,024)	(3,421)
Revenue recognised during the year/period that was related to receipt from customers in the same year/period	<u>(10,481)</u>	<u>(14,842)</u>	<u>(18,754)</u>	<u>(8,911)</u>
At the end of year/period	<u>3,243</u>	<u>4,024</u>	<u>3,421</u>	<u>3,119</u>

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

22. AMOUNTS DUE FROM SHAREHOLDERS

The balances as at 30 June 2016, 2017 and 2018 were non-trade related, unsecured, non-interest bearing and repayable on demand. All outstanding amounts due from shareholders at 30 June 2016, 2017 and 2018 were settled through offsetting the dividend payables to the shareholders. The maximum amounts due from shareholders during the years ended 30 June 2016, 2017 and 2018 was S\$2,065,000, S\$2,914,000 and S\$1,087,000, respectively.

23. AMOUNT DUE TO A SUBSIDIARY

The balances as at 30 June 2018 and 31 December 2018 are non-trade related, unsecured, non-interest bearing and repayable on demand.

24. BANK BORROWINGS

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Bank borrowings — secured and guaranteed	2,555	2,460	2,354	2,292
Carrying amount of the above borrowings that are variable-rate and repayable:				
Within one year	95	103	124	124
More than one year but not exceeding two years	103	124	124	116
More than two years but not exceeding five years	356	335	319	316
More than five years	2,001	1,898	1,787	1,736
	2,555	2,460	2,354	2,292
Less: Amount due for settlement within 12 months (shown under current liabilities)	(95)	(103)	(124)	(124)
Amount due for settlement after 12 months	2,460	2,357	2,230	2,168

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

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

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

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
Effective interest rate:				
Variable-rate borrowings	1.94%–2.80%	2.74%–3.83%	1.68%–6.50%	1.68%–2.48%

25. COMBINED SHARE CAPITAL**The Group**

The issued share capital as at 30 June 2016 and 2017 represents the aggregate amount of the share capital of Activa Media (S) amounting to S\$200,000, share capital of Activa Media Consultancy amounting to S\$20,000 and share capital of Activa Media (M) amounting to Malaysian Ringgit ("MYR") 100 (equivalent to approximately S\$40).

On 8 November 2017, Activa (BVI) was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1. Pursuant to the Reorganisation as disclosed in Note 2, Activa (BVI) became the holding company of Activa Media (S), Activa Media (M) and Activa Media Consultancy on 31 March 2018. The issued share capital as at 30 June 2018 and 31 December 2018 represents the aggregate amount of the share capital of Activa Media (BVI) amounting to US\$4 and the share capital of the Company amounting to HK\$0.01.

The Company

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 7 December 2017 (date of incorporation), 30 June 2018 and 31 December 2018	38,000,000	380
Issued and fully paid:		
Issue of shares at 7 December 2017 (date of incorporation), 30 June 2018 and 31 December 2018	1	—
		S\$'000
Share capital shown in the Historical Financial Information as		—

26. OPERATING LEASES COMMITMENTS

The Group as lessee

	Year ended 30 June			Six months ended 31 December	
	2016	2017	2018	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Minimum lease payments paid under operating leases during the year/period	280	186	130	68	62

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

	As at 30 June		As at 31 December	
	2016	2017	2018	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Within one year	106	122	107	68
In the second to fifth year inclusive	196	107	—	19
	302	229	107	87

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

The Group as lessor

	Year ended 30 June			Six months ended 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000 (unaudited)	2018 S\$'000
Rental income	<u>93</u>	<u>136</u>	<u>124</u>	<u>68</u>	<u>58</u>

As at 30 June 2016, 2017 and 2018 and 31 December 2018, the Group has contracted with tenants for the following future minimum lease payments:

	As at 30 June		As at 31 December	
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2018 S\$'000
Within one year	112	121	106	59
In the second to fifth year inclusive	<u>130</u>	<u>19</u>	<u>—</u>	<u>—</u>
	<u>242</u>	<u>140</u>	<u>106</u>	<u>59</u>

27. RETIREMENT BENEFIT PLANS

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

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

The total costs charged to profit and loss, amounted to S\$264,000, S\$337,000, S\$347,000, S\$165,000 and S\$179,000 for the years ended 30 June 2016, 2017, 2018 and the six months ended 31 December 2017 and 2018, respectively, represent contributions paid to the retirement benefits schemes by the Group.

28. RELATED PARTY DISCLOSURES

In addition to the transactions and balances disclosed elsewhere in the combined financial statements, the Group had entered into the following related party transactions:

Name of related company	Relationship	Nature of transaction	Year ended 30 June			Six months ended 31 December	
			2016 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000 (unaudited)	2018 S\$'000
House of Seafood	Common director and shareholder	Sales	24	150	74	47	—
House of Seafood	Common director and shareholder	Rental income	—	24	12	12	—
Active Visual Pte Ltd	Common director and shareholder	Sales	32	91	39	10	—
AMPH Advertising Agency Inc.	Common director and shareholder	Sales	410	497	713	512	—
AMPH Advertising Agency Inc.	Common director and shareholder	Expenses recharge	(5)	(18)	—	—	—

The directors of the Company had given personal guarantees to a bank for the facilities granted for the use by the Group.

Compensation of key management personnel

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

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Note 24, net of cash and cash equivalents and equity of the Group, comprising combined share capital and retained profits.

The management of the Group review the capital structure from time to time. As a part of this review, the management of the Group considers the cost of capital and the risks associated with share capital. Based on recommendations of the management of the Group, 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 debt or the redemption of existing debt.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	The Group				The Company	
	As at 30 June		As at 31 December		As at 30 June	As at 31 December
	2016 S\$'000	2017 S\$'000	2018 S\$'000	2018 S\$'000	2018 S\$'000	2018 S\$'000
Financial assets						
Amortised cost/Loans and receivables (including cash and cash equivalents)	<u>6,705</u>	<u>8,315</u>	<u>9,790</u>	<u>10,247</u>	<u>—</u>	<u>—</u>
Financial liabilities						
Amortised cost	<u>4,753</u>	<u>5,739</u>	<u>6,916</u>	<u>6,544</u>	<u>2,296</u>	<u>3,290</u>

b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, dividend payables, amount due to a subsidiary and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), 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 24 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank's commercial financing rate in Singapore arising from the Group's borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended 30 June 2016, 2017 and 2018 and the six months ended 31 December 2018, would decrease/increase by S\$13,000, S\$12,000, S\$12,000 and S\$6,000, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

*Credit risk**Under IAS 39 and IFRS 9*

The Group's concentration of credit risk by geographical locations is mainly in Singapore and Malaysia, which accounted for 80% and 20% of the total financial assets, respectively as at 30 June 2016, 2017 and 2018 and 31 December 2018.

At the end of each 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 combined statements of financial position.

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

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

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

The Company has no significant credit risk.

Under IFRS 9

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

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

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

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

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. To measure the expected credit losses, trade receivables (including unbilled revenue) has been grouped based on shared credit risk characteristics. The loss allowance provision as at 31 December 2018 is disclosed in Note 18.

	Internal credit rating	Weighted averaged loss rate	Gross carrying amount S\$'000	Lifetime ECL Stage 2 S\$'000	Stage 3 S\$'000
Trade receivables	Low risk	0.13%	3,103	4	—
	Watch list	0.24%	2,100	5	—
	Loss (credit impaired)	100%	112	—	112
			<u>5,315</u>	<u>9</u>	<u>112</u>

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 during the six months ended 31 December 2018.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations as and when they fall due. The Company has net current liabilities of approximately S\$2,612,000 at 31 December 2018. The financial information of the Company has been prepared on a going concern basis because the directors of the Company believe that the Company has sufficient funds to finance its current working capital requirements taking into account of the cash flows from operations of the Group. In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows of the Company.

The following table details the Group's and the Company'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 and the Company can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate the undiscounted amount is derived from contracted interest rate curve at the end of each reporting period.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year S\$'000	1 year to 5 years S\$'000	Over 5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount S\$'000
The Group						
As at 30 June 2016						
Non-derivative financial liabilities						
<i>Non-interest bearing</i>						
Trade and other payables	—	2,055	—	—	2,055	2,055
Dividend payables	—	143	—	—	143	143
<i>Interest bearing</i>						
Variable-rate bank loans	1.99	182	725	2,870	3,777	2,555
		<u>2,380</u>	<u>725</u>	<u>2,870</u>	<u>5,975</u>	<u>4,753</u>

	Weighted average effective interest rate %	Repayable on demand or less than 1 year S\$'000	1 year to 5 years S\$'000	Over 5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount S\$'000
As at 30 June 2017						
Non-derivative financial liabilities						
<i>Non-interest bearing</i>						
Trade and other payables	—	2,865	—	—	2,865	2,865
Dividend payables	—	414	—	—	414	414
<i>Interest bearing</i>						
Variable-rate bank loans	3.54	190	755	2,650	3,595	2,460
		<u>3,469</u>	<u>755</u>	<u>2,650</u>	<u>6,874</u>	<u>5,739</u>
As at 30 June 2018						
Non-derivative financial liabilities						
<i>Non-interest bearing</i>						
Trade and other payables	—	4,562	—	—	4,562	4,562
<i>Interest bearing</i>						
Variable-rate bank loans	4.79	167	803	2,435	3,405	2,354
		<u>4,729</u>	<u>803</u>	<u>2,435</u>	<u>7,967</u>	<u>6,916</u>
As at 31 December 2018						
Non-derivative financial liabilities						
<i>Non-interest bearing</i>						
Trade and other payables	—	4,252	—	—	4,252	4,252
<i>Interest bearing</i>						
Variable-rate bank loans	2.90	174	822	2,347	3,343	2,292
		<u>4,426</u>	<u>822</u>	<u>2,347</u>	<u>7,595</u>	<u>6,544</u>
The Company						
As at 30 June 2018						
Non-derivative financial liabilities						
<i>Non-interest bearing</i>						
Trade and other payables	—	1,129	—	—	1,129	1,129
Amount due to a subsidiary	—	1,167	—	—	1,167	1,167
		<u>2,296</u>	<u>—</u>	<u>—</u>	<u>2,296</u>	<u>2,296</u>
As at 31 December 2018						
Non-derivative financial liabilities						
<i>Non-interest bearing</i>						
Trade and other payables	—	862	—	—	862	862
Amount due to a subsidiary	—	2,428	—	—	2,428	2,428
		<u>3,290</u>	<u>—</u>	<u>—</u>	<u>3,290</u>	<u>3,290</u>

c. Fair value

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

The directors of the Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the combined financial statements approximate to their fair values.

31. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place, the date of incorporation/establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company as at				the date of this report	Principle activities	Notes
			2016	2017	2018	31 December 2018			
Directly held:									
Activa Media (BVI)	BVI 8 November 2017	US\$4.00	N/A	N/A	100%	100%	100%	Investment holding	(a)
Indirectly held:									
Activa Media (S)	Singapore 22 June 2005	S\$200,000	100%	100%	100%	100%	100%	Provision of online marketing services	(b)
Activa Media Consultancy	Singapore 1 April 2014	S\$20,000	100%	100%	100%	100%	100%	Provision of creative and technology services	(c)
Activa Media (M)	Malaysia 21 October 2009	MYR100	100%	100%	100%	100%	100%	Provision of online marketing services	(d)

All subsidiaries now comprising the Group are limited liability companies.

Notes:

- (a) No audited financial statements of Activa Media (BVI) have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.
- (b) The statutory financial statements of Activa Media (S) for the years ended 30 June 2016, 2017 and 2018 were prepared in accordance with Singapore Financial Reporting Standards issued by Accounting Standards Council in Singapore and were audited by Deloitte & Touche LLP, a firm of certified public accountants registered in Singapore.
- (c) No audited financial statements of Activa Media Consultancy for the years ended 30 June 2016, 2017 and 2018 have been prepared as it is qualified for the statutory audit exemption in accordance to the relevant regulations in Singapore.
- (d) The statutory financial statements of Activa Media (M) for the years ended 31 December 2015, 2016 and 2017 were prepared in accordance with Malaysian Private Entities Reporting Standards and were audited by Weld Asia Associates, Chartered Accountants in Malaysia, for the years ended 31 December 2015 and 2016, and STYL Associates, Chartered Accountants in Malaysia, for the year ended 31 December 2017. The statutory financial statements of Activa Media (M) for the year ended 31 December 2018 has not yet prepared as these statutory financial statements are not yet due for filing.

32. 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 combined statements of cash flows as cash flows from financing activities.

	Bank borrowings S\$'000	Dividend payable S\$'000	Accrued share issue costs \$'000	Total S\$'000
As at 1 July 2015	2,318	37	—	2,355
Financing cash flows	186	—	—	186
<i>Non-cash changes</i>				
Finance costs recognised (<i>Note 9</i>)	51	—	—	51
Dividend declared (<i>Note 14</i>)	—	2,171	—	2,171
Offsetting arrangement (<i>Note 14</i>)	—	(2,065)	—	(2,065)
As at 30 June 2016	2,555	143	—	2,698
Financing cash flows	(182)	—	—	(182)
<i>Non-cash changes</i>				
Finance cost recognised (<i>Note 9</i>)	87	—	—	87
Dividend declared (<i>Note 14</i>)	—	3,185	—	3,185
Offsetting arrangement (<i>Note 14</i>)	—	(2,914)	—	(2,914)
As at 30 June 2017	2,460	414	—	2,874
Financing cash flows	(191)	(2,940)	(231)	(3,362)
<i>Non-cash changes</i>				
Share issue costs accrued	—	—	428	428
Finance cost recognised (<i>Note 9</i>)	85	—	—	85
Dividend declared (<i>Note 14</i>)	—	3,613	—	3,613
Offsetting arrangement (<i>Note 14</i>)	—	(1,087)	—	(1,087)
As at 30 June 2018	2,354	—	197	2,551
Financing cash flows	(83)	—	(198)	(281)
<i>Non-cash changes</i>				
Share issue costs accrued	—	—	198	198
Finance cost recognised (<i>Note 9</i>)	21	—	—	21
As at 31 December 2018	<u>2,292</u>	<u>—</u>	<u>197</u>	<u>2,489</u>
For the six months ended 31 December 2017 (unaudited)				
At 1 July 2017	2,460	414	—	2,874
Financing cash flows	(109)	—	—	(109)
<i>Non-cash changes</i>				
Finance cost recognised (<i>Note 9</i>)	65	—	—	65
Offsetting arrangement (<i>Note 14</i>)	—	(414)	—	(414)
At 31 December 2017 (unaudited)	<u>2,416</u>	<u>—</u>	<u>—</u>	<u>2,416</u>

33. RESERVE OF THE COMPANY

	Accumulated losses S\$'000
As at 7 December 2017 (date of incorporation)	—
Loss and total comprehensive expense for the period	<u>(1,816)</u>
As at 30 June 2018	(1,816)
Loss and total comprehensive expense for the period	<u>(796)</u>
As at 31 December 2018	<u><u>(2,612)</u></u>

34. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the report, subsequent to 31 December 2018, the following significant event took place:

- (i) On 3 June 2019, the Company has approved the issuance of 599,999,900 shares standing to the credit of the share premium of the Company conditional upon the share premium account of the Company being credited as a result of the offer of the shares by the Company, the directors of the Company were authorised to capitalise an amount of HK\$5,999,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 599,999,900 shares, such shares to be allotted and issued to the shareholders as of the date of passing of the resolution on a pro rata basis. Details are set out in Appendix V to the Prospectus.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies comprising the Group have been prepared in respect of any period subsequent to 31 December 2018.

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the years ended 30 June 2016, 2017 and 2018 and the six months ended 31 December 2018 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this Prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The following unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the proposed public offer and placing of the Company's shares ("Share Offer") on the combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018, as if the Share Offer had taken place on that day.

The unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 or any future dates following the Share Offer. The following unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to the owners of the Company is prepared based on the audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 as shown in the Accountants' Report of the Group as set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 S\$'000 (Note 1)	Estimated net proceeds from the Share Offer S\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 S\$'000	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 per Share S\$ (Note 3)	HK\$ (Note 4)
Based on Offer Price of HK\$0.65 per Share	<u>2,868</u>	<u>19,591</u>	<u>22,459</u>	<u>0.03</u>	<u>0.16</u>
Based on Offer Price of HK\$0.70 per Share	<u>2,868</u>	<u>21,221</u>	<u>24,089</u>	<u>0.03</u>	<u>0.18</u>

Notes:

- (1) The audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 is based on the combined net assets of the Group attributable to the owners of the Company as at 31 December 2018 amounted to S\$2,868,000 extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the issue of the new Shares pursuant to the Share Offer are based on 200,000,000 new Shares to be issued at the Offer Price of lower limit and upper limit of HK\$0.65 and HK\$0.70 per new Share, after deduction of the estimated listing expenses (including underwriting fees and other related expenses) expected to be incurred by the Group subsequent to 31 December 2018 and does not take into account of any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option, (ii) which may be issued upon the exercise of options that may be granted under the Share Option Scheme or (iii) which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to the prospectus. For the purpose of calculating the estimated net proceeds from the Share Offer, the translation of Hong Kong dollars into Singapore dollars was made at the exchange rate of HK\$5.83 to S\$1.00. No representation is made that Hong Kong dollars have been, would have been or may be converted to Singapore dollars, vice versa, at that rate or at any other rates or at all.
- (3) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 per Share is calculated based on 800,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue. It does not take into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option, (ii) which may be allotted and issued upon the exercise of any option that may be granted in the paragraph headed "Share Option Scheme" under the section headed "Share capital", or (iii) which may be allotted and issued or repurchased as referred to in the paragraph headed "General mandate to allot and issue Shares" or "General mandate to repurchase Shares" under the section headed "Share capital" in this prospectus, as the case may be.
- (4) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 per Share is converted from Singapore dollars into Hong Kong dollars at the rate of S\$1.00 to HK\$5.83. No representation is made that the Singapore dollars have been, would have been or may be converted to Hong Kong dollars, vice versa, at that rate or at any other rates or at all.
- (5) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 to reflect any operating results or other transactions of the Group entered into subsequent to 31 December 2018.
- (6) By comparing the valuation of the property located at 60 Paya Lebar Road, #11-52, Paya Lebar Square, Singapore 409051 in the valuation report prepared by Cushman & Wakefield Limited dated 13 June 2019, the net valuation surplus is approximately S\$223,000 as compared to the carrying value of the property as at 31 December 2018 amounting to S\$3,097,000, which has not been included in the above combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018. The valuation surplus of the property will not be recognised in the combined financial statements in the future. If the valuation surplus were to be included in the combined financial statements, an additional annual depreciation charge of approximately S\$4,892 would be incurred.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of AM Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of AM Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 13 June 2019 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed public offer and placing of the shares of the Company (the “**Share Offer**”) on the Group's financial position as at 31 December 2018 as if the Share Offer had taken place at 31 December 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 30 June 2016, 2017 and 2018 and the six months ended 31 December 2018, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 June 2019

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this Prospectus received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Group as at 31 March 2019.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

13 June 2019

The Directors
AM Group Holdings Limited
60 Paya Lebar Road
#12-51/52
Paya Lebar Square
Singapore 409051

Dear Sirs,

RE: PROPERTY VALUATION

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from AM Group Holdings Limited (the “Company”) for us to value the property in which the Company or its subsidiaries (collectively the “Group”) has interests in Singapore (as more particularly described in the attached valuation report), we confirm that we have inspected the property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of such property as at 31 March 2019.

VALUATION BASIS

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited and the HKIS Valuation Standards 2017 Edition issued by the Hong Kong Institute of Surveyors.

Our valuation of the property is on an entirety interest basis.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the property in Singapore, we have assumed that, unless otherwise stated, the transferable land use rights in respect of the property for a specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company regarding the title to the property and the interests of the Company in the property. In valuing the property, we have assumed that the Group has enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted.

In respect of the property situated in Singapore, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

METHOD OF VALUATION

In valuing the property, we have used Market Comparison Method by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject property and the comparable properties, which is in line with the market practice.

TITLE INVESTIGATION

We have caused searches at the Singapore Land Authority relating to the title of the property. However, we have not searched the original documents to verify ownership or ascertain any amendments which may not appear on the copies handed to us.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information given to us by the Company regarding the title to the property and the interests of the Company in the property. In respect of property in Singapore, we have accepted advice on matters such as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of units, particulars of occupancy, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

SITE INSPECTION

Elink Hiew (Valuer, 4 years of experience) inspected the exterior and, whenever possible, the interior of the property in May 2019. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all monetary sums stated in our valuation are in Singapore Dollars (“SGD”), the official currency of Singapore.

OTHER DISCLOSURE

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We enclose herewith the valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Andrew K.F. Chan
MSc, MRICS, MHKIS, MCIREA, RPS(GP)
Regional Director
Valuation & Advisory Services, Greater China

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor who has over 30 years’ experience in the valuation of properties in the PRC, Hong Kong and other Asian countries. Mr. Chan has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Completed property held by the Group for investment purpose in Singapore

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2019
60 Paya Lebar Road, #11-52, Paya Lebar Square, Singapore 409051	<p>The property comprises a strata-titled office unit located on Level 11 of a 13-storey commercial development known as Paya Lebar Square completed circa 2014.</p> <p>The property has a strata floor area of 144.0 sq. m. (1,550 sq. ft.).</p> <p>The property is located along Paya Lebar Road. It is situated approximately 6 kilometres from the city centre at Raffles Place.</p> <p>The property is well served by major roads and expressways such as Paya Lebar Road, Sims Avenue, Kallang Paya Lebar Expressway (KPE) and Pan Island Expressway (PIE) which provide efficient links to the city and other parts of Singapore. Public transportation is readily available along Paya Lebar Road. The Paya Lebar MRT Station is linked to the property on the ground and basement levels.</p> <p>Surrounding developments are mixed in nature, comprising commercial developments, industrial buildings and residential developments.</p> <p>The property is held under a 99-year lease commencing on 25 July 2011. The current Government rent payable for the property is an amount equal to 10% of the market rental for the time being of the property per annum.</p>	<p>As at the valuation date, the property was subject to a tenancy expiring in June 2019, generating a monthly rent of approximately SGD10,449, inclusive of service charge.</p>	<p>SGD3,320,000 (Singapore Dollars Three Million Three Hundred And Twenty Thousand)</p>

Notes:

- (1) The registered proprietor of the property is Activa Media Pte Ltd.
- (2) According to the Urban Redevelopment Authority Master Plan 2014, the property is zoned for commercial use.
- (3) The property is subject to two mortgages in favour of United Overseas Bank Ltd lodged on 7 November 2014 and 16 March 2015.
- (4) In valuing the property, we have assumed a unit rate of SGD2,142 per sq. ft.

In undertaking our valuation, we have made reference to sales prices of office units in the neighbouring districts which have characteristics comparable to the property. The prices of office units range from about SGD1,850 per sq. ft. to SGD2,150 per sq. ft.. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including location, accessibility and size.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 December 2017 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in Section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 3 June 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then 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 an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (a) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (b) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the board fails to proceed to convene such meeting, 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 shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; or
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN COMPANIES LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of Section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 10 January 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic substance requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 December 2017. We have established our principal place of business in Hong Kong at Room 5705, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong and been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 13 June 2018, with Robertsons being appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the Companies Law and to our constitution comprising the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles of our Company and relevant aspects of the Companies Law are set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

The authorised share capital of our Company as at the date of our incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Upon our incorporation, one Share was allotted and issued, nil paid, to our initial subscriber. On the same day, the said one nil-paid Share was transferred to Activa Media Investment.

Pursuant to a sale and purchase agreement dated 3 June 2019, Activa Media Investment transferred its entire shareholding interest in Activa (BVI) to our Company in consideration of (i) our Company allotting and issuing 99 Shares to Activa Media Investment, credited as fully paid; and (ii) crediting as fully paid the initial Share held by Activa Media Investment.

On 3 June 2019, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of HK\$0.01 each which rank *pari passu* in all respect with the existing Shares.

Save as disclosed in this appendix and in the section headed “History, Reorganisation and Group structure” of this prospectus, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Reorganisation and Group structure” of this prospectus, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Written resolutions of the sole Shareholder passed on 3 June 2019

By written resolutions of the sole Shareholder passed on 3 June 2019, among other things:

- (a) our Company approved and adopted the Memorandum with immediate effect and conditionally approved and adopted the Articles of our Company with effect from the Listing Date;
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,962,000,000 Shares, which rank *pari passu* in all respects with the Shares in issue as at the date of such resolutions;
- (c) conditional on (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Share Offer (including the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme) and the Shares to be issued under the Capitalisation Issue and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (ii) the Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date; (iii) the execution and delivery of the Placing Underwriting Agreement on or about the date as specified in this prospectus; and (iv) the obligations of the Underwriters under each of the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements, in each case on or before the dates and times specified in the Underwriting Agreements and in any event not later than the date falling 30 days after the date of this prospectus:
 - (i) the Share Offer and the grant of the Over-allotment Option were approved and our Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option, on and subject to the terms and conditions as set out in this prospectus; (bb) implement the Share Offer and the listing of Shares on the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary and/or appropriate;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Further information about our Directors and substantial Shareholders — 14. Share Option Scheme” in this appendix, were approved and adopted and our Directors were authorised to approve any amendment(s) or modification(s) to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

- (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise HK\$5,999,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 599,999,900 new Shares for allotment and issue to holder of Shares whose name appears on the register of members of our Company at the close of business on 3 June 2019 in proportion (as near as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to its then existing shareholding in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and the name of the relevant Shareholder be entered in the register of members of our Company as holder of the relevant number of Shares allotted and issued to it, and our Directors were authorised to give effect to such capitalisation;
- (iv) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require Shares to be allotted and issued or dealt with, otherwise than pursuant to a rights issue, any scrip dividend schemes or similar arrangements providing for allotment and issue of Shares in lieu of the whole or in part of a dividend on Shares in accordance with the Articles, a specific authority granted by the Shareholders in general meeting, or the exercise of any subscription rights attached to any warrants or securities which are convertible into Shares or the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any other option scheme, Shares with an aggregate nominal value not exceeding the sum of (aa) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme); and (bb) the aggregate nominal value of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any other applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying or renewing the authority given to our Directors, whichever occurs first;

- (v) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange(s) on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose (the “**Repurchase Mandate**”), in accordance with all applicable laws and the requirements of the Listing Rules or equivalent rules or regulations of such other stock exchange(s), such number of Shares representing up to 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any other applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying or renewing the authority given to our Directors, whichever occurs first; and
- (vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Options or any options that may be granted under the Share Option Scheme.

5. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. For details, please refer to the section headed “History, Reorganisation and Group structure — Reorganisation” of this prospectus.

6. Repurchase by our Company of our own securities

This appendix includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below.

(i) *Shareholders' approval*

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate (*Note*) or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of the sole Shareholder passed on 3 June 2019, the Repurchase Mandate was granted to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or any other stock exchange(s) on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares representing up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Options or any options that may be granted under the Share Option Scheme), and the Repurchase Mandate shall remain in effect until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any other applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) *Source of funds*

Repurchases of the Shares must be funded out of funds legally available for the purpose in accordance with the Articles and the Companies Law. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchase(s) of the Shares by us may be made out of profits, share premium or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, subject to the Companies Law, out of capital.

(iii) *Connected parties*

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a core connected person (as defined in the Listing Rules), which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

(c) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which, in the opinion of our Directors, are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after the Listing (assuming the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme), would result in up to 80,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP**7. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:





- (a) the reorganisation agreement dated 31 March 2018 entered into among Ms. L. Teo, Mr. V. Teo, Activa (BVI) and Activa Media Investment relating to the transfer of the entire issued and paid-up share capital of Activa Media (S) and Activa Media Consultancy from Ms. L. Teo and Mr. V. Teo to Activa (BVI) in consideration of (i) Activa (BVI) allotting and issuing two shares in aggregate to Ms. L. Teo and Mr. V. Teo's nominee, Activa Media Investment, credited as fully paid; and (ii) Activa Media Investment allotting and issuing two shares in aggregate to each of Ms. L. Teo and Mr. V. Teo, credited as fully paid;
- (b) the share sale agreement dated 31 March 2018 entered into among Ms. L. Teo, Mr. V. Teo, Ms. Wong Wan Ping, Ms. Lim Wai Mun, Activa (BVI) and Activa Media Investment relating to the transfer of (i) Ms. L. Teo, Ms. Wong Wan Ping and Ms. Lim Wai Mun's 98%, 1% and 1% respective legal interest; and (ii) Ms. L. Teo and Mr. V. Teo's respective 50% beneficial interest, in the issued and paid-up share capital of Activa Media (M) to Activa (BVI) in consideration of (1) Activa (BVI) allotting and issuing one share to Ms. L. Teo and Mr. V. Teo's nominee, Activa Media Investment, credited as fully paid; and (2) Activa Media Investment allotting and issuing one share to each of Ms. L. Teo and Mr. V. Teo, credited as fully paid;
- (c) the sale and purchase agreement dated 3 June 2019 entered into among Ms. L. Teo, Mr. V. Teo, Activa Media Investment and our Company relating to the transfer of all the issued shares of Activa (BVI) from Activa Media Investment to our Company in consideration of (i) our Company allotting and issuing 99 Shares to Activa Media Investment, credited as fully paid; and (ii) crediting as fully paid the initial Share held by Activa Media Investment;
- (d) the Deed of Indemnity;
- (e) the cornerstone investment agreement dated 3 June 2019 entered into among our Company, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and Dr. Francis Seow Choen, pursuant to which Dr. Francis Seow Choen agreed to subscribe for such number of Shares under the Placing which may be subscribed with approximately HK\$6.0 million (equivalent to approximately S\$1.0 million) at the Offer Price, further details of which are included in the section headed "Cornerstone investors" of this prospectus;
- (f) the cornerstone investment agreement dated 3 June 2019 entered into among our Company, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and Dr. Ann Tan Sian Ann, pursuant to which Dr. Ann Tan Sian Ann agreed to subscribe for such number of Shares under the Placing which may be subscribed with approximately HK\$3.0 million (equivalent to approximately S\$0.5 million) at the Offer Price, further details of which are included in the section headed "Cornerstone investors" of this prospectus;

- (g) the cornerstone investment agreement dated 3 June 2019 entered into among our Company, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and Dr. Sng Wei-Ee Karen, pursuant to which Dr. Sng Wei-Ee Karen agreed to subscribe for such number of Shares under the Placing which may be subscribed with approximately HK\$3.0 million (equivalent to approximately S\$0.5 million) at the Offer Price, further details of which are included in the section headed “Cornerstone investors” of this prospectus; and
- (h) the Public Offer Underwriting Agreement.

8. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks:

Trademarks	Registered owner	Place of registration	Class	Trademark number	Registration date	Expiry date
	Activa Media (S)	Singapore	35	T1002825E	10 March 2010	10 March 2020
	Activa Media (S)	Malaysia	35	2014013629	8 December 2014	8 December 2024
	Activa Media (S)	the Philippines	35	42015001450	4 June 2015	4 June 2025
	Activa Media (S)	Hong Kong	35	304382325	28 December 2017	27 December 2027
AM+	Activa Media (S)	Singapore	35	40201705155Y	31 March 2017	31 March 2027
AM-Track	Activa Media (S)	Singapore	35	40201705157V	31 March 2017	31 March 2027

As at the Latest Practicable Date, our Group had applied for registration of the following trademark:

Trademark	Applicant	Place of application	Class	Application number	Application date
	Activa Media (S)	Indonesia	35	J002014058699	19 December 2014

(b) Domain names

As at the Latest Practicable Date, our Group had registered the following domain names:

Domain name	Registrant	Registration date	Expiry date
www.activamedia.com.sg	Activa Media (S)	6 July 2005	6 July 2020
www.activamedia.com.my	Activa Media (M)	28 October 2011	28 October 2019
www.amgroupholdings.com	Activa Media (S)	22 May 2018	22 May 2020

Save as disclosed above, there are no trademarks, patents or other intellectual property rights which are material in relation to the business of our Group.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

9. Particulars of Directors' service contracts and letters of appointment

(a) Executive Directors' service contracts

Each of our executive Directors has entered into a service contract with our Company on 3 June 2019. The terms and conditions of each of such service contracts are similar in all material aspects. Each service contract is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by our Company or our executive Director giving to the other not less than three months' prior notice in writing. Under the service contracts, the initial annual salary payable to our executive Directors is as follows:

Name	Amount (S\$)
Ms. L. Teo	400,000
Mr. V. Teo	400,000

Each of our executive Directors is entitled to a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of that executive Director. Each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board regarding the amount of annual salary and discretionary bonus payable to himself or herself.

Save as disclosed above, none of our executive Directors has or is proposed to have a service contract with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(b) Independent non-executive Directors' letters of appointment

Each of our independent non-executive Directors has entered into a letter of appointment with our Company on 3 June 2019. Each letter of appointment is for an initial term of one year commencing from the Listing Date and shall continue thereafter unless terminated by either party giving at least one month's notice in writing. Under the letters of appointment, the annual Director's fees payable to our independent non-executive Directors are as follows:

Name	Amount (S\$)
Mr. Chung Kwok Hoe	30,000
Mr. Tan Eng Ann	30,000
Mr. Lee Shy Tsong	30,000

Save as disclosed above, none of our independent non-executive Directors has or is proposed to have a service contract with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) *Directors' remuneration*

The aggregate remuneration (including fees, salaries, allowances, benefits in kind, discretionary bonuses and defined contributions) paid by our Group to our Directors for FY2016, FY2017, FY2018 and 6M FY2019 was approximately S\$0.8 million, S\$0.8 million, S\$0.8 million and S\$0.5 million, respectively.

Under the arrangements currently in force, the aggregate remuneration (excluding payment pursuant to any discretionary benefits or bonuses or other fringe benefits) payable by our Group to, and benefits in kind receivable by, our Directors for FY2019 are estimated to be approximately S\$0.9 million.

None of our Directors or any past directors of any member of our Group has been paid or stood to receive any sum of money during the Track Record Period (i) as an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

10. Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations

Immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme) and the Capitalisation Issue, the interests or short positions of our Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Appendix 10 to the Listing Rules, in each case once the Shares are listed on the Stock Exchange, will be as follows:

Long positions in the Shares immediately after completion of the Share Offer and the Capitalisation Issue

Name of Director	Capacity/Nature of interest	Number of Shares (Note 1)	Percentage of our issued share capital
Ms. L. Teo	Interest of controlled corporation (Note 2)	600,000,000 (L)	75%
Mr. V. Teo	Interest of controlled corporation (Note 2)	600,000,000 (L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the relevant Shares.
2. All the issued shares of Aactiva Media Investment are legally and beneficially owned as to 50% and 50% by Ms. L. Teo and Mr. V. Teo, respectively. Ms. L. Teo and Mr. V. Teo are therefore deemed to be interested in the 600,000,000 Shares held by Aactiva Media Investment by virtue of the SFO. Ms. L. Teo, Mr. V. Teo and Aactiva Media Investment together are a group of Controlling Shareholders.

11. Substantial Shareholders

So far as is known to our Directors, immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme) and the Capitalisation Issue, the following persons (not being a Director or chief executive of our Company) will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature of interest	Number of Shares <i>(Note)</i>	Percentage of shareholding
Activa Media Investment	Beneficial owner	600,000,000 (L)	75%

Note: The letter “L” denotes the person’s long position in the relevant Shares.

12. Related party transactions

During the Track Record Period, our Group engaged in the related party transactions as mentioned in note 28 of the Accountants’ Report set out in Appendix I to this prospectus.

13. Disclaimers

Save as disclosed in this appendix and the sections headed “Business” and “Connected transactions” of this prospectus:

- (a) none of our Directors or the chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any of our Directors or the chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

- (c) none of our Directors nor any of the persons listed in the paragraph headed “Other information — 21. Qualifications and consents of experts” in this appendix is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the persons listed in the paragraph headed “Other information — 21. Qualifications and consents of experts” in this appendix is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;
- (e) none of the persons listed in the paragraph headed “Other information — 21. Qualifications and consents of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of our Group;
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) so far as is known to our Directors, save for AMPH, the entire shareholding of which had been disposed of by our Controlling Shareholders in April 2018, none of our Directors or their close associates or any Shareholder (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest clients or suppliers of our Group.

14. Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, which was approved by the written resolutions of the sole Shareholder passed on 3 June 2019. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

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

(b) Who may join

Subject to the provisions in the Share Option Scheme, our Directors may at any time and from time to time within a period of 10 years commencing from the date of adoption of the Share Option Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1.00 per option, to grant option to any person belonging to the following classes of participants (the “**Eligible Person(s)**”):

- (i) any employee or proposed employee (whether full-time or part-time, including any director) of any member of our Group or invested entity; and
- (ii) 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 our Group or any invested entity.

(c) Maximum number of Shares

- (i) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.
- (ii) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed 80,000,000 Shares, being 10% of the total number of Shares (assuming the Over-allotment Option is not exercised) in issue on the Listing Date (the “**Scheme Limit**”) unless approved by our Shareholders pursuant to sub-paragraph (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company shall not be counted for the purpose of calculating the Scheme Limit.
- (iii) Our Company may seek separate approval of the Shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Limit. Options previously granted under the Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

For the purpose of seeking the approval of Shareholders, a circular containing the information as required under the Listing Rules shall be sent by our Company to the Shareholders.

- (iv) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Limit provided that the options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by our Company before such approval is sought and that the proposed grantee(s) and his/her close associates (or his/her associates if the proposed grantee is a connected person) shall abstain from voting in the general meeting. For the purpose of seeking the approval of the Shareholders, our Company shall send a circular to the Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and any other information as required under the Listing Rules.

(d) Maximum entitlement of each Eligible Person

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 (the “**Participant Limit**”), unless:

- (i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the Eligible Person and his/her close associates shall abstain from voting;
- (ii) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the Eligible Person, the number and terms of the options to be granted and options previously granted to such Eligible Person); and
- (iii) the number and terms (including the subscription price) of such option are fixed before our Shareholders’ approval is sought.

(e) Grant of options to connected persons

- (i) Any grant of options to any Director, chief executive, or substantial Shareholder (excluding the proposed director or chief executive) of our Company or any of their respective associates shall be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is any offeree of an option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.
- (ii) 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 our Company in the 12-month period up to and including the date of such grant: (1) representing in

aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) 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 (or such other amount as may from time to time be specified by the Stock Exchange), such grant shall not be valid unless: (aa) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including, in particular, a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of an option) to the independent Shareholders as to voting); and (bb) the grant has been approved by the independent Shareholders in general meeting (taken on a poll), at which the proposed grantee, his/her associates and all core connected persons of our Company shall abstain from voting in favour of the grant.

- (iii) Where any change is to be made to the terms of any option granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by the independent Shareholders in general meeting as required under sub-paragraph (ii) above.

(f) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an Eligible Person (in whole or in part) within the date as specified in the offer letter issued by our Company, being a date not later than 21 days inclusive of, and from, the date upon which it is made, by which the Eligible Person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme or after the termination of the Share Option Scheme, and no such offer may be accepted by a person who ceases to be an Eligible Person after the offer has been made.

An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the Eligible Person, together with a payment in favour of our Company of HK\$1.00 per option by way of consideration for the grant thereof is delivered to our Company. Such consideration shall in no circumstances be refundable. Subject to the rules of the Share Option Scheme, option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10-year period.

(g) Performance targets

There is no performance target that has to be achieved or minimum period in which an option must be held before the exercise of any option save as otherwise imposed by our Board in the relevant offer of options.

(h) Subscription price for Shares

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 our 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 (the "**Offer Date**"), which must be a trading day, on which our Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted less than five trading days after the listing of the Shares on the Stock Exchange, the new issue price shall be taken to be the closing price for any business day within the period before listing.

(i) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option granted under the Share Option Scheme shall be subject to our Company's constitutional documents for the time being in force and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue of our Company as at the date of allotment, or if that date falls on a date on which the register of members of our Company is closed, then as at the first business day on which the register of members of our Company is re-opened (the "**Exercise Date**") and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the Exercise Date.

(j) Restrictions on the time of grant of options

No offer of an option shall be made and no option shall be granted by our Company after inside information has come to our knowledge until we have announced the information pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's result for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of our results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option shall be granted.

(k) Period of the Share Option Scheme

Subject to earlier termination by our Company in general meeting or by our 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. All options granted and accepted and remaining unexercised immediately prior to expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

(l) Rights on cessation of employment

Where the grantee of an outstanding option ceases to be an Eligible Person for any reason other than his/her death or the termination of his/her contract of employment or service on one or more of the grounds specified in sub-paragraph (m) below, the grantee may exercise his/her outstanding options within three months following the date of such cessation, and any such options not exercised shall lapse and determine at the end of such three-month period.

(m) Rights on dismissal

If the grantee of an option is an Eligible Person and ceases to be an Eligible Person by reason of a termination of his/her contract of employment or service on any one or more grounds that he/she has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty, or (if so determined by our Board) on any other ground on which an employer or a company would be entitled to terminate his/her employment or directorship at common law or pursuant to any applicable laws or under the grantee's contract of employment or service with our Company or our relevant subsidiary, his/her option (to the extent not already exercised) will lapse automatically on the date of cessation of being an Eligible Person.

(n) Rights on death

Where the grantee of an outstanding option dies before exercising the option in full or at all, the option may be exercised in full or in part (to the extent not already exercised) by his/her personal representative(s) within 12 months from the date of death or such period extended by our Board.

(o) Rights on a general offer

If a general or partial offer is made to all our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), our Directors shall as soon as practicable notify the option holder accordingly. An option holder shall be entitled to exercise his/her outstanding options in whole or in part within 14 days of receipt of such notice. To the extent that any option has not been so exercised, it shall upon the expiry of such period lapse and determine.

(p) Rights on winding-up

If notice is given of a general meeting of our Company at which a resolution will be proposed for the voluntary winding-up of our Company, our Company shall forthwith give notice thereof to all option holders and each option holder shall be entitled, at any time not later than two business days prior to the proposed general meeting of our Company to exercise his/her outstanding options in whole or in part. Our Company shall as soon as possible and in any event no later than one business day prior to the date of such general meeting, allot and issue such number of Shares to the option holders which fall to be issued on such exercise. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up.

(q) Rights on compromise or arrangement between our Company and our creditors

If a compromise or arrangement between our Company and our members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all option holders on the same date as our Company gives notice of the meeting to our Shareholders and creditors, and thereupon each option holder shall be entitled, at any time not later than two business days prior to the proposed meeting of our Company, to exercise his/her outstanding options in whole or in part. Our Company shall as soon as possible and in any event no later than one business day prior to the date of such general meeting, allot and issue such number of Shares to the option holders which fall to be issued on such exercise. Subject thereto, all options then outstanding shall lapse and determine upon such compromise or arrangement becoming effective.

(r) Reorganisation of capital structure

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction or any other alteration of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction), our Company shall (if applicable) make corresponding alterations (if any), in accordance with Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplemental guidance issued by the Stock Exchange on 5 September 2005) to:

- (i) the number or nominal value of Shares comprised in each option for the time being outstanding; and/or
- (ii) the subscription price; and/or
- (iii) the Scheme Limit; and/or
- (iv) the Participant Limit,

as the auditors or the independent financial adviser to our Company shall certify in writing to our Board to be in their opinion fair and reasonable, provided that:

- (i) the aggregate subscription price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such adjustment;
- (ii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) no adjustment will be required in circumstances when there is an issue of Shares as consideration in a transaction; and

- (iv) any adjustment shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

In addition, in respect of any such adjustments, other than any made on a capitalisation issue, the auditors or independent financial adviser of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules. The confirmation of such auditors or independent financial adviser shall (in the absence of manifest error) be final and binding on our Company and the grantees.

(s) Cancellation of options

Our Board may cancel an option granted but not exercised with the approval of the option holder. Any such options cancelled by our Company cannot be re-granted to the same Eligible Person and the issue of new options must be made under the Share Option Scheme with available unissued options (excluding the cancelled options) within the Scheme Limit.

(t) Termination of the Share Option Scheme

Our Company, by resolution in general meeting, or our Board may at any time, terminate the operation of the Share Option Scheme and in such event, no further option will be offered. However, the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. All options granted and accepted and remaining unexercised immediately prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the Share Option Scheme.

(u) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable or transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee.

(v) Lapse of option

The right to exercise an option (to the extent not already exercised) shall lapse immediately upon the earliest of:

- (i) the expiry of the option period to be determined and notified by our Board to the grantee;
- (ii) the expiry of the periods as referred to in sub-paragraphs (l), (n), (o), (p) and (q) respectively;

- (iii) subject to sub-paragraph (p), the date of the commencement of the winding-up of our Company;
- (iv) in the event that the grantee is an employee or a director of our Group, the date on which the grantee ceases to be an Eligible Person by reason of the termination of his/her contract of employment or service on any one or more grounds that he/she (aa) has been guilty of misconduct; (bb) has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally; (cc) has been convicted of any criminal offence involving his/her integrity or honesty; or (dd) (if so determined by our Board) on any other ground on which an employer or a company would be entitled to terminate his/her employment or directorship at common law or pursuant to any applicable laws or under the grantee's contract of employment or service with our Company or our relevant subsidiary; or
- (v) the date on which our Directors cancel any outstanding option or part thereof on the ground the grantee commits a breach of sub-paragraph (u).

Our Company shall have no liability to any grantee for the lapsed options.

(w) *Alterations to the Share Option Scheme*

- (i) The Share Option Scheme may be amended or altered in any respect to the extent allowed by the Listing Rules by resolution of our Board except that the following alterations must first be approved by a resolution of the Shareholders in general meeting:
 - (aa) the purpose of the Share Option Scheme;
 - (bb) the definitions of “Eligible Person”, “Option Period” and “Scheme Period”;
 - (cc) the Scheme Limit;
 - (dd) the Participant Limit;
 - (ee) the period within which the offer of grant of an option must be accepted;
 - (ff) the minimum period for which an option must be held before it can be exercised;
 - (gg) the statement as to performance targets that must be achieved before an option may be exercised;
 - (hh) the amount payable on acceptance of an option and the period within which it must be paid for such purpose;
 - (ii) the basis of determination of the subscription price;
 - (jj) the rights to be attached to the Shares to be issued upon the exercise of options;
 - (kk) the life of the Share Option Scheme;

- (ll) the circumstances under which options will automatically lapse;
- (mm) the adjustment made in the event of any alterations of the capital structure of our Company;
- (nn) the cancellation of options granted but not exercised;
- (oo) the effect on existing options of an early termination of the Share Option Scheme;
- (pp) the transferability of options;
- (qq) this sub-paragraph (w);
- (rr) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted to the advantage of such option holders; and
- (ss) any change to the authority of our Directors in relation to any alterations to the terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the options shall comply with Chapter 17 of the Listing Rules.

- (ii) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be altered in any respect by resolution of our Board without the approval of the Shareholders or the grantee(s) to the extent such amendment or alteration is required by the Listing Rules or any guideline issued by the Stock Exchange from time to time.
- (iii) Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(x) Conditions

The Share Option Scheme is conditional upon:

- (i) the passing of the necessary resolutions by the Shareholders to approve and adopt the Share Option Scheme;
- (ii) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Share Offer (including any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) and the Capitalisation Issue and the Shares which may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions referred to above are not satisfied on or before the date falling 30 days after the date of this prospectus, the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

(y) Present status of the Share Option Scheme

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme(s) of our Company shall not exceed 80,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date (assuming the Over-allotment Option is not exercised) unless our Company obtains the approval of the Shareholders in general meeting for refreshing the said 10% limit under the Share Option Scheme, provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the 10% limit above mentioned.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

OTHER INFORMATION

15. Tax and other indemnities

Each of Ms. L. Teo, Mr. V. Teo and Aactiva Media Investment (collectively the “**Indemnifiers**”) has entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for each of our subsidiaries), being one of the material contracts referred to in the paragraph headed “Further information about the business of our Group — 7. Summary of material contracts” in this appendix, to provide indemnities on a joint and several basis in respect of, among other matters, the following:

- (a) any duty which is or hereafter becomes payable by any member of our Group by virtue of Section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (“**Estate Duty Ordinance**”) (or the equivalent thereof or the requirement similar thereto under the laws of any jurisdiction outside Hong Kong) and under the provisions of Section 43 of the Estate Duty Ordinance (or the equivalent thereof or the requirement similar thereto under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of any member of our Group;
- (b) any amount recovered (now or hereafter) against any member of our Group under the provisions of Section 43(7) of the Estate Duty Ordinance (or the equivalent thereof or the requirement similar thereto under the laws of any jurisdiction outside Hong Kong) in respect of any duty payable under Section 43(1)(c) or 43(6) of the Estate Duty Ordinance (or the equivalent thereof or the requirement similar thereto under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of any member of our Group;

- (c) any amount of duty which any member of our Group is obliged to pay by virtue of Section 43(1)(c) of the Estate Duty Ordinance (or the equivalent thereof or the requirement similar thereto under the laws of any jurisdiction outside Hong Kong);
- (d) any and all amount of tax falling on any member of our Group resulting from or by reference to or in consequence of (i) any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring (or deemed to be so earned, accrued, received, entered into or occurring) on or up to the Listing Date; and/or (ii) any change in the law or the formal/written interpretation thereof by the relevant tax authorities in any jurisdictions in which any member of our Group operates that is promulgated, published and comes into force before the Listing Date;
- (e) any and all amount of tax falling on any member of our Group anywhere in the world resulting from any member of our Group conducting our business operations in such jurisdictions prior to Listing and shall include any costs, expenses, interests, penalties or other liabilities in connection therewith;
- (f) all costs (including all legal costs), expenses, interests, penalties or other liabilities which any member of our Group may reasonably and properly incur in connection with (i) the investigation, assessment or the contesting of any claim under the Deed of Indemnity; (ii) the settlement of any claim under the Deed of Indemnity; (iii) any legal proceedings in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgment is given in favour of any member of our Group; and/or (iv) the enforcement of any such settlement referred to in (ii) and/or judgment referred to in (iii);
- (g) any and all expenses, payments, sums, outgoing, fees, demands, claims (including counter-claims), complaints, actions, proceedings, suits, litigations, arbitrations, judgments, damages, losses, costs (including but not limited to legal and other professional costs), charges, contributions, liabilities, fines, penalties (collectively the “**Costs**”) in connection with any breach or non-compliance of any applicable laws, rules or regulations (whether currently in force or repealed) in the Cayman Islands, the BVI, Hong Kong, Singapore and/or Malaysia by any member of our Group on or before the date on which the Share Offer becomes unconditional (“**Effective Date**”); and
- (h) any and all Costs which any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any failure to obtain or delay in obtaining the necessary licences, consents or permits under the laws of the Cayman Islands, the BVI, Hong Kong, Singapore and/or Malaysia for the valid and legal establishment and/or operation of any member of our Group on or before the Effective Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, the BVI, Hong Kong, Singapore and Malaysia, being jurisdictions in which the companies comprising our Group are incorporated or registered.

The Deed of Indemnity does not cover any tax claim and the Indemnifiers shall be under no liability under the Deed of Indemnity in respect of any tax, tax claim or tax related liability (“**such tax liability**”):

- (a) to the extent that full provision or reserve has been made for such tax liability in the combined audited accounts of our Group for each of FY2016, FY2017, FY2018 and 6M FY2019 (the “**Accounts Date**”), as set out in Appendix I to this prospectus and the unaudited accounts of the relevant member of our Group for the same period and any previous audited accounts of any member of our Group (collectively, the “**Accounts**”);
- (b) to the extent that such tax liability would not have arisen but for some act or omission by any member of our Group voluntarily effected without the prior written consent or agreement of the Indemnifiers (such consent or agreement not to be unreasonably withheld or delayed), otherwise than (i) in the ordinary course of business after the date of the Deed of Indemnity; or (ii) pursuant to a legally binding commitment created on or before the Effective Date; or (iii) pursuant to any statement of intention made in this prospectus;
- (c) such tax liability for which any member of our Group is primarily liable as a result of transactions entered into in the ordinary course of business after the Accounts Date;
- (d) to the extent that any provision or reserve made for tax in the Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers’ liability (if any) in respect of tax shall be reduced by an amount not exceeding such over-provision or excessive reserve;
- (e) to the extent that such tax liability arises or is incurred as a result of the imposition of tax as a consequence of any retrospective change in the law or the interpretation or practice thereof by the relevant authority coming into force after the date of the Deed of Indemnity or to the extent that such tax liability arises or is increased by an increase in tax rates after the date of the Deed of Indemnity with retrospective effect; and
- (f) to the extent that such tax liability arises as a result of any member of our Group being in breach of any provision of the Deed of Indemnity.

16. Litigation

During the Track Record Period and up to the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries.

17. Sponsor

The Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sponsor’s fee in relation to the Listing is approximately HK\$5.0 million.

The Sponsor has made an application on our Company’s behalf to the Listing Committee for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made for the Shares to be admitted into CCASS.

18. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed Altus as its compliance adviser to provide consultancy services to our Company to ensure compliance with Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date.

19. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$44,000 and are payable by our Company.

20. Promoter

Our Company does not have any promoter (as defined in the Listing Rules). Save as disclosed in this appendix, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Share Offer and the related transactions described in this prospectus.

21. Qualifications and consents of experts

Name	Qualification
Altus Capital Limited	A corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Conyers Dill & Pearman	Legal advisers to our Company as to Cayman Islands law
Frost & Sullivan Limited	Independent industry consultant
Cushman & Wakefield Limited	Independent property valuer

All of the experts named above have given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they respectively appear.

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

22. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of Sections 44A and 44B of the Companies (Miscellaneous Provisions) Ordinance so far as applicable.

23. Taxation of holders of Shares**(a) Hong Kong****(i) Profits**

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

(iii) Estate duty

Estate duty has been abolished in Hong Kong by the Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006.

(b) The Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intended holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of the Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercising any rights attaching to them.

24. Miscellaneous

- (a) Save as disclosed in this appendix and other sections of this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages (other than under the Underwriting Agreements) or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries; and
 - (iv) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (b) No founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.
- (c) Our Directors confirmed that save for the non-recurring listing expenses incurred/estimated as disclosed in the section headed “Financial information — 17. Listing expenses” of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2018 (being the date to which the latest audited combined financial statements of our Group were made up) and up to the date of this prospectus.
- (d) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (e) None of the equity and debt securities of our Company or any of our subsidiaries is presently listed or traded on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.
- (f) None of our Directors nor any of the persons whose names are listed in paragraph headed “Other information — 21. Qualification and consents of experts” in this appendix has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group.

- (g) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.
- (h) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.
- (i) There is no arrangement under which future dividends have been waived.
- (j) Neither our Company nor our subsidiaries have outstanding convertible debt securities or debentures.
- (k) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

25. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version of this prospectus, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (1) a copy of each of the **WHITE** Application Form, **YELLOW** Application Form and **GREEN** Application Form;
- (2) the written consents referred to in the paragraph headed “Other information — 21. Qualifications and consents of experts” in Appendix V to this prospectus;
- (3) a copy of each of the material contracts referred to in the paragraph headed “Further information about the business of our Group — 7. Summary of material contracts” in Appendix V to this prospectus; and
- (4) the statement of adjustments in arriving at the figures set forth in the accountants’ report of our Group dated 13 June 2019 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Robertsons, at 57th Floor, The Center, 99 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the accountants’ report of our Group dated 13 June 2019 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus, and the statement of adjustments in arriving at the figures set forth in such accountants’ report;
- (c) the audited combined financial statements of our Group for the Track Record Period;
- (d) the report dated 13 June 2019 on unaudited pro forma financial information of our Group issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (e) the property valuation report issued by Cushman & Wakefield Limited, the text of which is set out in Appendix III to this prospectus;
- (f) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;
- (g) the Cayman Companies Law;
- (h) the material contracts referred to in the paragraph headed “Further information about the business of our Group — 7. Summary of material contracts” in Appendix V to this prospectus;

- (i) the service contracts referred to in the paragraph headed “Further information about our Directors and substantial Shareholders — 9. Particulars of Directors’ service contracts and letters of appointment” in Appendix V to this prospectus;
- (j) the rules of the Share Option Scheme;
- (k) the written consents referred to in the paragraph headed “Other information — 21. Qualifications and consents of experts” in Appendix V to this prospectus; and
- (l) the industry report prepared by Frost & Sullivan Limited referred to in the section headed “Industry overview” of this prospectus.

AM GROUP HOLDINGS LIMITED
創世紀集團控股有限公司