



MC Payment Limited
(formerly known as Artivision Technologies Ltd.)
(Incorporated in the Republic of Singapore)
(Company Registration No.200407031R)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED
30 JUNE 2021
(UNAUDITED)**

This announcement has been prepared by MC Payment Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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A. General Information

At the extraordinary general meeting held on 22 January 2021, the shareholders of the Company approved, among others, the acquisition of MC Pay Pte Ltd (formerly known as Mobile Credit Payment Pte Ltd) (“**MC Pay**”) and its subsidiaries (“**RTO Transaction**”). Upon the completion of the RTO Transaction on 18 February 2021 (“**Completion Date**”), the then-existing shareholders of MC Pay, on a collective basis, became the major shareholders of the Company. As such, the RTO Transaction is considered as reverse acquisition under the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”).

In a reverse acquisition under the SFRS(I), MC Pay will be deemed as the accounting acquirer (legal acquiree) and the Company will be the accounting acquiree (legal acquirer). With the exception of share capital, the consolidated financial statements for the Group will be a continuation of the consolidated financial statements of the MC Pay and its subsidiaries and the results of the Company will be consolidated to the Group from the Completion Date onwards. Share capital of the Group will continue to reflect the share capital of the Company as the Company is the legal acquirer.

Accordingly, the condensed interim financial statements and its comparative figures presented in this report are as follows:

a. Condensed interim consolidated statement of profit or loss and other comprehensive income of the Group (presented in Section B of this report)

- i. The condensed interim consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2021 to 30 June 2021 (“**1H2021**”) are the consolidated results of the Company, MC Pay and together with its subsidiaries (collectively, the “**Group**”). The results of the Company are consolidated to the Group after the Completion Date.
- ii. The comparative figures for the period from 1 January 2020 to 30 June 2020 (“**1H2020**”) are the consolidated results of MC Pay and its subsidiaries (collectively “**MC Pay Group**”) only.

b. Condensed interim consolidated statement of financial position of the Group (presented in Section C of this report)

- i. The condensed interim consolidated statement of financial position of the Group as at 30 June 2021 was prepared using reverse acquisition accounting to account for the RTO Transaction.
- ii. The comparative figures as 31 December 2020 are the consolidated statement of financial positions of the MC Pay Group before the completion of the RTO Transaction.

c. Condensed interim statement of financial position of the Company (presented in Section C of this report)

- i. The statement of financial position of the Company as at 30 June 2021 is the statement of financial position of the Company after the completion of the RTO Transaction.
- ii. The comparative figures as at 31 December 2020 is the statement of financial position of the Company before the completion of the RTO Transaction.

A. General Information

- d. Condensed interim consolidated statement of changes in equity of the Group (presented in Section D of this report)**
- i. The condensed interim consolidated statement of changes in equity of the Group for 1H2021 are the consolidated changes in equity of the Group which includes the changes arising from the RTO Transaction.
 - ii. The comparative figures for 1H2020 are the condensed interim consolidated statement of changes in equity of the MC Pay Group.
- e. Condensed interim statement of changes in equity of the Company (presented in Section D of this report)**
- i. The condensed interim statement of changes in equity of the Company for 1H2021.
 - ii. The comparative figures for the period 1 April 2020 to 30 June 2020 are the changes in equity of the Company before the completion of the RTO Transaction. On 28 January 2021, the Company changed its financial year end from 31 March to 31 December. The last financial year was a nine-month period from 1 April 2020 to 31 December 2020. As such, the comparative period is from 1 April 2020 (being the beginning of the last financial year) to 30 June 2020.
- f. Condensed interim consolidated statement of cash flows of the Group (presented in Section E of this report)**
- i. The condensed interim consolidated statement of cash flows for 1H2021 are the consolidated cash flows of the Group.
 - ii. The comparative figures for 1H2020 are the consolidated cash flows of the MC Pay Group.

B. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group		Increase/ (Decrease) %
		6 months ended		
		30-Jun-21 (Unaudited) S\$'000	30-Jun-20 (Unaudited) S\$'000	
Revenue	4	5,864	6,012	(2)
Cost of sales		(3,067)	(3,489)	(12)
Gross profit		2,797	2,523	11
<i>Gross profit margin</i>		48%	42%	
Other income	5	266	119	124
Finance income	9	23	75	(69)
Administrative expenses	6	(5,527)	(1,318)	319
Impairment loss on trade and other receivables		(17)	9	N.M.
Other operating expenses	7	(251)	(342)	(27)
Share of loss of associate		(223)	-	N.M.
Deemed RTO listing expenses	8	(26,367)	-	N.M.
Finance costs	9	(197)	(402)	(51)
(Loss) / profit before tax (see note 1)		(29,496)	664	N.M.
Income tax expense		-	-	-
(Loss) / profit after tax		(29,496)	664	N.M.
(Loss) / profit attributable to:				
Equity holders of the Company		(29,424)	674	N.M.
Non-controlling interests		(72)	(10)	620
(Loss) / profit for the period		(29,496)	664	N.M.
Other comprehensive income				
Items that are or may be reclassified subsequently to profit of loss:				
Foreign currency translation differences relating to financial statements of foreign associate		85	34	150
Total comprehensive (loss) / income for the period		(29,411)	698	N.M.
Total comprehensive (loss) / income attributable to:				
Equity holders of the Company		(29,346)	708	N.M.
Non-controlling interests		(65)	(10)	620
Total comprehensive (loss) / income for the period		(29,411)	698	N.M.
Normalised profit before tax (see note 1)		663	664	-
(Loss) / Earnings per share				
Basic (cents)	11	(12.32)	0.47	N.M.
Fully Diluted (cents)	11	(12.32)	0.45	N.M.

Note 1: This is after eliminating one-time Deemed RTO listing expenses of S\$26.4 million, RTO expenses of S\$3.6 million and legal fees relating to the EGM of 30 June 2021 of S\$0.16 million. Please refer to Section G Note 5 for further details, at page 27.

N.M.: Not meaningful

C. Condensed interim consolidated statement of financial position

	Notes	Group		Company	
		As at 30-Jun-21 (Unaudited) S\$'000	As at 31-Dec-20 (Unaudited) S\$'000	As at 30-Jun-21 (Unaudited) S\$'000	As at 31-Dec-20 (Audited) S\$'000
Assets					
Property, plant and equipment	12	166	67	-	-
Intangible assets and goodwill	13	723	945	-	-
Investment in subsidiaries		-	-	82,806	-
Trade and other receivables		1	14	-	-
Non-current assets		890	1,026	82,806	-
Cash and cash equivalents		12,935	3,479	785	1,040
Trade and other receivables		8,394	7,840	2,997	3
Current assets		21,329	11,319	3,782	1,043
Total assets		22,219	12,345	86,588	1,043
Equity					
Share capital	15	55,218	22,069	169,935	71,777
Capital reserves		2,896	2,896	2,515	2,515
Currency translation reserve		61	(17)	-	-
Accumulated losses		(53,958)	(24,534)	(86,893)	(85,006)
Equity attributable to equity holders of the Company		4,217	414	85,557	(10,714)
Non-controlling interests		(238)	(173)	-	-
Total equity		3,979	241	85,557	(10,714)
Liabilities					
Loans and borrowings	14	58	-	-	-
Non-current liabilities		58	-	-	-
Trade and other payables		17,555	10,657	472	4,323
Loans and borrowings	14	627	19	559	559
Convertible bonds	14	-	1,428	-	6,875
Current liabilities		18,182	12,104	1,031	11,757
Total liabilities		18,240	12,104	1,031	11,757
Total equity and liabilities		22,219	12,345	86,588	1,043

D. Condensed interim consolidated statement of changes in equity of the Group and statement of changes in equity of the Company

	Attributable to owners of the Company				Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Currency translation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000			
The Group							
At 1 January 2021 (unaudited)	22,069	(17)	2,896	(24,534)	414	(173)	241
Total comprehensive (loss)/ income for the period							
Loss for the period	-	-	-	(29,424)	(29,424)	(72)	(29,496)
Other comprehensive income							
Foreign currency translation differences	-	78	-	-	78	7	85
Total other comprehensive income	-	78	-	-	78	7	85
Total comprehensive (loss)/income for the period	-	78	-	(29,424)	(29,346)	(65)	(29,411)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Consideration shares issued in relation to reverse acquisition	15,997	-	-	-	15,997	-	15,997
Issue of ordinary shares related to settlement of bond payable	10,000	-	-	-	10,000	-	10,000
Issue of ordinary shares for cash	4,000	-	-	-	4,000	-	4,000
Share issue expense	(721)	-	-	-	(721)	-	(721)
Share-based payments – employees incentive scheme	234	-	-	-	234	-	234
Share-based payments – sponsor equity shares pursuant the RTO	1,239	-	-	-	1,239	-	1,239
Share-based payments – introducer fees pursuant the RTO paid using MC Pay's ordinary shares	2,400	-	-	-	2,400	-	2,400
Total transactions with owners	33,149	-	-	-	33,149	-	33,149
At 30 June 2021 (unaudited)	55,218	61	2,896	(53,958)	4,217	(238)	3,979

D. Condensed interim consolidated statement of changes in equity of the Group and statement of changes in equity of the Company

	Attributable to owners of the Company				Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Currency translation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000			
The Group							
At 1 January 2020 (audited)	18,404	(66)	2,896	(23,624)	(2,390)	(42)	(2,432)
Total comprehensive income for the period							
Profit for the period	-	-	-	674	674	(9)	665
Other comprehensive income							
Foreign currency translation differences	-	34	-	-	34	-	34
Total other comprehensive income	-	34	-	-	34	-	34
Total comprehensive income/(loss) for the period	-	34	-	674	708	(9)	699
At 30 June 2020 (unaudited)	18,404	(32)	2,896	(22,950)	(1,682)	(51)	(1,733)

D. Condensed interim consolidated statement of changes in equity of the Group and statement of changes in equity of the Company

	Share capital S\$'000	Share-based compensation reserve S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
The Company					
At 1 January 2021 (audited)	71,777	2,515	-*	(85,006)	(10,714)
Issuance of new shares pursuant to:					
- Placement shares on 28 January 2021	600	-	-	-	600
- the acquisition of the MC Pay Group	82,806	-	-	-	82,806
- redemption of bonds and its associated interest payable	10,000	-	-	-	10,000
- share-based payment to sponsor	1,239	-	-	-	1,239
- share-based payment to employees	234	-	-	-	234
- placement shares on 12 March 2021	4,000	-	-	-	4,000
- share issue expenses for placement shares on 12 March 2021	(721)	-	-	-	(721)
Total comprehensive loss for the period	-	-	-	(1,887)	(1,887)
At 30 June 2021 (unaudited)	169,935	2,515	-*	(86,893)	85,557
At 1 April 2020 (Beginning of the previous financial period) (audited)	71,777	2,515	-*	(83,725)	(9,433)
Total comprehensive loss for the period	-	-	-	(287)	(287)
At 30 June 2020 (unaudited)	71,777	2,515	-*	(84,012)	(9,720)

* Amount less than S\$1,000

E. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended	
	30-Jun-21 (Unaudited) S\$'000	30-Jun-20 (Unaudited) S\$'000
<u>Cash flows from operating activities</u>		
(Loss) / profit before tax for the period	(29,496)	664
Adjustments for:		
Amortisation of intangible assets	206	260
Depreciation of property, plant and equipment	45	79
Interest income	(23)	(75)
Interest expense	78	321
Impairment on trade and other receivables	17	(9)
Deemed RTO listing expenses	26,367	-
Share of loss of associate	223	-
Share-based payments - Employees	234	-
Share-based payments - Sponsor equity shares	1,239	-
Share-based payments - Introducer shares	2,400	-
Gain from early redemption of convertible bond	(97)	-
Unrealised foreign exchange gain	-	(294)
	<u>1,193</u>	<u>946</u>
Changes in working capital:		
Trade and other receivables	(535)	2,264
Trade and other payables	6,000	(2,431)
Cash generated from operations	<u>6,658</u>	<u>779</u>
Interest income	23	75
Interest paid	(2)	(62)
Net cash generated from operating activities	<u>6,679</u>	<u>792</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(10)	(4)
Additional investment in associates	(223)	-
Acquisition of the Company, net of cash acquired	1,467	-
Net cash generated from / (used in) investing activities	<u>1,234</u>	<u>(4)</u>
<u>Cash flows from financing activities</u>		
Repayment of lease liabilities	(27)	(22)
Repayment of loans and borrowings	-	(400)
Repayment of convertible bonds	(1,794)	-
Net proceeds from issuance of new shares	3,279	-
Net cash generated from / (used in) financing activities	<u>1,458</u>	<u>(422)</u>
Net increase in cash and cash equivalents	9,371	366
Effect of exchange rate fluctuations on cash held	85	329
Cash and cash equivalents at beginning of financial period	3,479	11,446
Cash and cash equivalents at end of financial period	<u>12,935</u>	<u>12,141</u>

F. Notes to the condensed interim consolidated financial statements

These notes form an integral part of the condensed interim consolidated financial statements.

1 Corporate information

MC Payment Limited (the “**Company**”) is a company incorporated in Singapore. The address of the Company’s registered office is 10 Ubi Crescent, Ubi Techpark #03-48 Singapore 408564.

This condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and MC Pay Group (being MC Pay Pte Ltd (formerly known as Mobile Credit Payment Pte Ltd) and its subsidiaries). Please refer to the section on “General Information” on pages 1 and 2 for more information.

The principal activities of the Group are to carry on payment technology solution licensing, development and related hardware sales and, or rental, and, electronic payment processing as aggregator and master merchant.

2 Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2021 (“**1H2021**”, and for the corresponding six months ended 30 June 2020, “**1H2020**”) have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore and should be read in conjunction with the financial statements of MC Pay Group as disclosed in the Company’s circular to shareholders dated 31 December 2020 in relation to the RTO Transaction (“**RTO Circular**”). The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited consolidated financial statements for the financial period ended 31 December 2020 (“**FP2020**”).

The accounting policies and methods of computations adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for FP2020, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 of the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

The Group and the Company have adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations that are relevant to its operations and effective for the annual period beginning on 1 January 2021. The adoption of these new and revised SFRS(I)s and SFRS(I) Interpretations has no material effect on the performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

F. Notes to the condensed interim consolidated financial statements

2.2 Use of judgements and estimates

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant judgements made in the preparation of these financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note:

- Note 14 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of intangible assets and goodwill;

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group's Chief Financial Officer has overall responsibility for all significant fair value measurements, including Level 3 fair value.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

3 Seasonal operations

The Group's merchant payment services ("MPS") business segment is subject to seasonal fluctuations in line with those experienced by the merchants which it services. These customers of the Group in the MPS segment typically experience higher sales and transaction volumes during public holidays and festive seasons. Accordingly, more payments are processed before and during public holidays and festive seasons which translate to a higher amount of payment processing fees being collected by the Group. The Group's digital commerce enabling solutions ("DCES") business segment is not affected by any seasonal changes in demand.

F. Notes to the condensed interim consolidated financial statements

4 Segment and revenue information

The Group is principally engaged in the provision of payment processing services and digital commerce enabling services, with focus on the retail, transportation, and food and beverage industries. The Group operates two (2) distinct business segments:

- 4.1 MPS business segment – The Group provides payment processing services through its unified platform and smart software, which can be (a) installed onto or integrated any smart devices (including mobile phones, tablets, and smart point-of-sales (“POS”) terminals) for merchants with physical stores or (b) integrated into websites and applications of online merchants.
- 4.2 DCES business segment – The Group provides its ancillary services, such as the sale/lease of smart POS terminals, provision of proprietary and licensed software as a service, and white-labelling of its proprietary or licenced software, and development of bespoke software for its merchants.
- 4.3 Unallocated segment refers to the income, expenses, assets and liabilities that are not allocated to MPS or DCES. It primarily comprises income (if any), expenses, assets and liabilities that are associated with the Company and any other adjustments that may be made on the consolidated accounts to the Group.

These operating segments are reported in a manner consistent with internal management reporting provided to Chief Executive Officer (“CEO”) who is responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

	Group			
	6 months ended 30 June 2021			
	MPS (Unaudited) S\$'000	DCES (Unaudited) S\$'000	Unallocated (Unaudited) S\$'000	Consolidated (Unaudited) S\$'000
Total segment revenue	3,082	2,782	-	5,864
Inter-segment revenue	-	-	-	-
Revenue from external parties	3,082	2,782	-	5,864
Depreciation	(24)	(21)	-	(45)
Amortisation	(108)	(98)	-	(206)
Finance income	12	11	-	23
Finance costs	(93)	(84)	(20)	(197)
Segment loss	(787)	(711)	(27,998)	(29,496)
Loss before tax				(29,496)
Income tax expense				-
Loss after tax				(29,496)
Total assets per statement of financial position	9,688	8,748	3,783	22,219
Total liabilities per statement of financial position	(9,043)	(8,165)	(1,032)	(18,240)
Expenditures for segment non-current assets				
Property, plant and equipment	5	5	-	10

F. Notes to the condensed interim consolidated financial statements

4.1 Reportable segments (cont'd)

	Group			
	6 months ended 30 June 2020			
	MPS (Unaudited) S\$'000	DCES (Unaudited) S\$'000	Unallocated (Unaudited) S\$'000	Consolidated (Unaudited) S\$'000
Total segment revenue	5,080	932	-	6,012
Inter-segment revenue	-	-	-	-
Revenue from external parties	5,080	932	-	6,012
Depreciation	(72)	(7)	-	(79)
Amortisation	(230)	(30)	-	(260)
Finance income	75	-*	-	75
Finance costs	(339)	(63)	-	(402)
Segment profit	561	103	-	664
Profit before tax				664
Income tax expense				-
Profit after tax				664
Total assets per statement of financial position	19,306	3,542	-	22,848
Total liabilities per statement of financial position	(20,770)	(3,811)	-	(24,581)
Expenditures for segment non-current assets				
Property, plant and equipment	4	-	-	4

* Amount less than S\$1,000

F. Notes to the condensed interim consolidated financial statements

4.2 Disaggregation of revenue

	Group 6 months ended 30 June 2021			
	MPS (Unaudited) S\$'000	DCES (Unaudited) S\$'000	Others (Unaudited) S\$'000	Consolidated (Unaudited) S\$'000
Types of goods or services				
Transaction revenue	3,018	-	-	3,018
Sales of services	-	2,782	-	2,782
Other revenue	64	-	-	64
	3,082	2,782	-	5,864
Timing of revenue recognition where performance obligations are:				
Satisfied at a point in time	3,066	91	-	3,157
Satisfied over time	16	2,691	-	2,707
	3,082	2,782	-	5,864
Geographical information				
Singapore	2,935	171	-	3,106
Malaysia	90	2,610	-	2,700
Thailand	57	1	-	58
	3,082	2,782	-	5,864

	Group 6 months ended 30 June 2020			
	MPS (Unaudited) S\$'000	DCES (Unaudited) S\$'000	Others (Unaudited) S\$'000	Consolidated (Unaudited) S\$'000
Types of goods or services				
Transaction revenue	5,024	-	-	5,024
Sales of services	-	932	-	932
Other revenue	56	-	-	56
	5,080	932	-	6,012
Timing of revenue recognition where performance obligations are:				
Satisfied at a point in time	5,034	4	-	5,038
Satisfied over time	46	928	-	974
	5,080	932	-	6,012
Geographical information				
Singapore	5,015	15	-	5,030
Thailand	31	917	-	948
Malaysia	34	-	-	34
	5,080	932	-	6,012

F. Notes to the condensed interim consolidated financial statements

	6 month ended		
	30-Jun-21	30-Jun-20	Increase/ (Decrease) (%)
	(Unaudited) S\$'000	(Unaudited) S\$'000	
5 Other income			
Government grants	110	107	3
Gain from early redemption of bonds	97	-	N.M.
Sundry income	59	12	392
	266	119	124

	6 months ended		
	30-Jun-21	30-Jun-20	Increase/ (Decrease) (%)
	(Unaudited) S\$'000	(Unaudited) S\$'000	
6 Administrative expenses			
Employee compensation	1,368*	1,031	32
Professional services fees	355	28	>1,000
Occupancy costs	33	14	136
Directors' fees	67	-	N.M.
RTO listing expenses	3,393	-	N.M.
SGX Listing and related expenses	51	-	N.M.
Other administrative expenses	260	245	6
	5,527	1,318	319

* included a share issue expense of S\$0.23 million to incentivise the employees to complete the RTO.

	6 months ended		
	30-Jun-21	30-Jun-20	Increase/ (Decrease) (%)
	(Unaudited) S\$'000	(Unaudited) S\$'000	
7 Other operating expenses			
Amortisation of intangible assets	206	260	(21)
Depreciation of property, plant and equipment	45	79	(43)
Travelling and accommodation expenses	-	3	(100)
	251	342	(27)

8 Deemed RTO Listing expenses

This presents the difference between fair value of net liabilities assumed by the Group and fair value of consideration transferred. As the Company has disposed of all its businesses prior to the completion of the RTO Transaction, the reverse take-over will not be considered as a business combination within the meaning of SFRS(I) 3 - Business Combination. The acquisition of the MC Pay Group will be considered reverse acquisition along with share-based payment in accordance to SFRS(I) 2 – Share-based Payment. It is a non-cash item.

F. Notes to the condensed interim consolidated financial statements

	6 months ended		
	30-Jun-21 (Unaudited) S\$'000	30-Jun-20 (Unaudited) S\$'000	Increase/ (Decrease) (%)
9 Finance income and costs			
Interest income arising from financial assets measured at amortised cost	23	75	(69)
Total Finance Income	23	75	(69)
Foreign exchange loss, net	119	81	47
Interest expense on loans	20	10	100
Interest expense on convertible bonds	56	311	(82)
Interest expense on leases	2	-	N.M.
Total Finance Cost	197	402	(51)

10 Net Asset Value

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
Net asset/ (liability) value per ordinary share (S\$ cents)	1.55	0.27	31.43	(29.80)
No. of ordinary shares	272,248,881	153,494,418	272,248,881	35,955,859

During 1H2021, the Company had undergone a 50: 1 share consolidation. As such, for the purpose of calculating net asset value per share, the number of ordinary shares used in the above calculations prior to the share consolidation were adjusted at the same ratio.

The Company acquired the entire share capital of MC Pay on 18 February 2021 by issuing 157,725,296 new shares (post-consolidation basis) to acquire the entire share capital of MC Pay which comprise 2,292,358 ordinary shares. This translates to an exchange ratio of 68.804827 times (the "RTO Exchange Ratio").

The number of shares as at 31 December 2020 for the Group is derived from the number of ordinary shares of MC Pay as at 31 December 2020 of 2,230,867, multiply by the RTO Exchange Ratio.

F. Notes to the condensed interim consolidated financial statements

11 Earnings / loss per share

	Note	Group	
		6 months ended 30-Jun-21 (Unaudited)	30-Jun-20 (Unaudited)
Net (loss) / profit attributable to equity holders of the Company (S\$'000)		(29,424)	674
Weighted average number of ordinary shares outstanding for basic earnings / (loss) per share		238,884,413	144,189,768
Weighted average number of ordinary shares outstanding for diluted earnings / (loss) per share		238,884,413	148,581,977
(a) Basic (Loss) / Earnings Per Share (S\$ cents)		(12.32)	0.47
(b) Diluted (Loss) / Earnings Per Share (S\$ cents)		(12.32)	0.45

During 1H2021, the Company had undergone a 50:1 share consolidation. As such, for the purpose of calculating earnings / (loss) per share, the number of ordinary shares used in the above calculations prior to the share consolidation were adjusted at the same ratio.

11.1 Earnings / (loss) per share for 1H2021

The earnings / (loss) per share for 1H2021 has been calculated on the following basis:

$$\text{Basic earnings / (loss) per share} = A / ((B + C)) \times 100$$

where,

A = Profit/loss attributable to equity holders the Company

B = Weighted average number of shares of MC Pay from 1 January 2021 to 17 February 2021 multiply by the RTO Exchange Ratio

C = Weighted average number of shares of the Company from 18 February 2021 to 30 June 2021

11.2 Earnings / (loss) per share for 1H2020

The earnings / (loss) per share for the comparative period has been calculated on the following basis:

$$\text{Basic earnings / (loss) per share} = A / B \times 100$$

where,

A = Profit / (loss) attributable to equity holders the Company

B = Weighted average number of shares of MC Pay multiply by RTO Exchange Ratio

11.3 Diluted Earnings / (loss) per share

For the purpose of calculating diluted earnings/ (loss) per share, the weighted average number of ordinary shares in issue are adjusted for the dilutive effects of potential ordinary share issues for the respective period.

F. Notes to the condensed interim consolidated financial statements

12 Property, plant and equipment

Group	Computer Software and equipment	Office equipment, Furniture & Fittings and Renovation	Payment terminals	Motor vehicles	ROU asset	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost						
Balance as at 1 January 2021	742	102	871	36	85	1,836
Additions	5	3	2	-	134	144
Disposal	-	-	-	-	(85)	(85)
Effect of movements in exchange rate	(2)	-	-	-	-	(2)
Balance as at 30 June 2021	745	105	873	36	134	1,893
Accumulated depreciation						
Balance as at 1 January 2021	699	101	860	36	72	1,768
Depreciation charge	8	-	11	-	26	45
Disposal	-	-	-	-	(85)	(85)
Effect of movements in exchange rate	(1)	-	-	-	-	(1)
Balance as at 30 June 2021	706	101	871	36	13	1,727
Net Book Value						
Balance as at 1 January 2021	43	1	11	-	13	68
Additions	5	3	2	-	134	144
Depreciation charge	(8)	-	(11)	-	(26)	(45)
Disposals	-	-	-	-	-	-
Effect of movements in exchange rate	(1)	-	-	-	-	(1)
Balance as at 30 June 2021	39	4	2	-	121	166

Right-Of-Use ("ROU") Asset

In 1H2021, the Group entered into a lease for a new office space for a period of two years from 1 May 2021 to 30 April 2023.

Company

The Company does not have any property, plant and equipment for 1H2021.

F. Notes to the condensed interim consolidated financial statements

13 Intangible Assets

Group	Goodwill S\$'000	Patent and Trademark S\$'000	Software Development S\$'000	Total S\$'000
Cost				
Balance as at 1 January 2021	541	104	4,241	4,886
Additions	-	-	(16)	(16)
Balance as at 30 June 2021	541	104	4,225	4,870
Accumulated amortisation and impairment losses				
Balance as at 1 January 2021	541	72	3,328	3,941
Amortisation charge	-	5	201	206
Balance as at 30 June 2021	541	77	3,529	4,147
Net Book Value				
Balance as at 1 January 2021	-	32	913	945
Additions	-	-	(16)	(16)
Amortisation charge	-	(5)	(201)	(206)
Balance as at 30 June 2021	-	27	696	723

Impairment test

Software development

The Group has 19 internally developed software solutions as at 31 December 2020 that can be used by small business and merchants to facilitate payments using their own mobile devices.

As at reporting date, management carried out a review of the recoverable amount of the intangibles. As at 30 June 2021 and 31 December 2020, out of these 19 software solutions, there no indication of impairment on these software solutions.

Goodwill and license

The goodwill that arose from the acquisition of Genesis Payment Solutions Private Limited ("**Genesis**") of \$170,999 in 2017 were fully impaired during the year ended 31 December 2019 due to deterioration of business performance. The recoverable amount of the Genesis cash generating unit ("**CGU**") was determined to be Nil and the goodwill which was allocated to this CGU was fully impaired.

Company

The Company does not have any intangibles for the period 1 January 2021 to 30 June 2021.

F. Notes to the condensed interim consolidated financial statements

14 Borrowings

Group	As at 30-Jun-21 (Unaudited)		As at 31-Dec-2020 (Unaudited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one (1) year or less, or on demand				
Loan from a shareholder	-	559	-	-
Convertible bonds	-	-	-	1,428
Lease payable	-	68	-	19
Amount repayable after one (1) year				
Lease payable	-	58	-	-

Notes on Group Borrowings

Loans from a shareholder as at 30 June 2021 relate to unsecured loans amounting to an aggregate of S\$559,450, at an interest rate of 10% per annum granted by the Company's controlling shareholder, Mr Ching Chiat Kwong ("Mr Ching").

Lease payable as at 30 June 2021 relates to the lease for an office for a period of two years from 1 May 2021 to 30 April 2023. The lease has been capitalized as it meets the requirements under SRFS(I) - 16 Leases.

Lease payable as at 31 December 2020 relates to the lease for an office which ended in April 2021. The lease has been capitalized as it meets the requirements under SRFS(I) - 16 Leases.

Convertible bonds as at 31 December 2020 was redeemed in March 2021. The convertible bond has an effective interest rate of 14% per annum.

Details of any collateral

Not applicable, as there is no collateral on the Group's borrowings.

F. Notes to the condensed interim consolidated financial statements

15 Share Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets. The following tables set out the share capital movements during the financial period and comparative period.

	Note	Company 2021	
		No. of shares	\$'000
Issued and fully paid ordinary shares, with no par value:			
At 1 January 2021		1,797,792,986	71,777
Placement shares issued on 28 January 2021	15.1	62,305,295	600
Balance before share consolidation		1,860,098,281	72,377
Number of consolidated shares after 50: 1 share consolidation on 16 February 2021		37,201,936	72,377
Shares issued on 18 February 2021 pursuant to the RTO Transaction:			
Shares issued to acquire the entire share capital of MC Pay	15.2	157,725,296	82,806
Shares issued to redeem the convertible bonds and its associated interest payable	15.3	64,516,129	10,000
Shares issued to pay to the Sponsor as part payment for its services in relation to the RTO Transaction	15.4	2,360,000	1,239
Shares issued to employees of the MC Pay as incentive payment	15.5	445,520	234
Placement shares issued on 12 March 2021	15.6	10,000,000	3,279
Subtotal		235,046,945	97,558
At 30 June 2021		272,248,881	169,935

	Note	Company 2020	
		No. of shares	S\$'000
Issued and fully paid ordinary shares, with no par value:			
At 1 April 2020 (beginning of previous financial period), 30 June 2020 and 31 December 2020	15.7	1,797,792,986	71,777

F. Notes to the condensed interim consolidated financial statements

	Note	<u>Group 2021</u> S\$'000
Issued and fully paid ordinary shares, with no par value:		
At 1 January 2021		22,069
Net liabilities assumed by the Group from accounting acquiree		(370)
Deemed RTO listing expenses		26,367
Share-based payments – Sponsor equity shares pursuant the RTO Transaction	15.4	1,239
Share-based payments – employees incentive scheme	15.5	234
Issue of ordinary shares for cash	15.6	4,000
Share issue expense	15.6	(721)
Share-based payments – introducer fees pursuant the RTO paid by using MC Pay's ordinary shares	15.8	2,400
Subtotal		<u>33,149</u>
At 30 June 2021		<u><u>55,218</u></u>

15.1 Placement shares issued on 28 January 2021

The Company obtained its shareholders' approval at the extraordinary general meeting held on 22 January 2021. On 28 January 2021, the Company completed the placement of 62,305,295 new ordinary shares (before share consolidation of 50 to 1 shares) of the Company at the issue price of S\$0.00963 per new share to the Company's controlling shareholder, Mr Ching, raising gross proceeds of S\$600,000.

Shares issued on 18 February 2021 pursuant to the RTO Transaction

On 18 February 2021, the Company completed the RTO Transaction ("**Completion**"). Pursuant the Completion, the Company has:

- 15.2 acquired all the ordinary shares in the issued and paid-up capital of the MC Pay and became the holding company of MC Pay, and in full satisfaction of total consideration of S\$82,805,780, the Company allotted and issued 157,725,296 ordinary shares to the shareholders of MC Pay at an issue price of S\$0.525.
- 15.3 in full satisfaction of the redemption of the outstanding Bonds of S\$6,875,000 and its associated interest payable of S\$3,291,952 as at 18 February 2021, the Company allotted and issued 64,516,129 ordinary shares to Mr Ching at an issue price of S\$0.155.
- 15.4 allotted and issued 2,360,000 ordinary shares at an issue price of S\$0.525 to the Company's sponsor, being part of the sponsor's fees for its services in relation to the RTO Transaction.
- 15.5 allotted and issued 445,520 ordinary shares at an issue price of S\$0.525 to certain employees of MC Pay as an incentive payment to recognise their contributions to MC Pay in relation to the RTO Transaction.

F. Notes to the condensed interim consolidated financial statements

15.6 Placement shares issued on 12 March 2021

On 12 March 2021, the Company completed the placement of 10,000,000 of new ordinary shares at the issue price of S\$0.40 per new share to new investors, raising gross proceeds of \$4,000,000. Net proceeds received after deducting direct expenses relating the placement was S\$3,279,000.

15.7 Change in financial year end

On 28 January 2021, the Company has changed its financial year end from 31 March to 31 December. This is to align to the financial year end of MC Pay.

15.8 MC Pay paid for the introducer fees of S\$2.4 million by issuing 61,491 ordinary shares of MC Pay. These shares were exchanged to the shares in the Company as part of the consideration mentioned in paragraph 16.3 mentioned above.

16 Subsequent Events

There are no known subsequent events that which have led to adjustments to this set of condensed interim consolidated financial statements.

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalyst Rules

1 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, statement of changes in equity of the Company and condensed consolidated statement of cash flows for the six months ended 30 June 2021 and explanatory notes have not been audited or reviewed by the Company's auditor.

2 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Company's latest audited financial statements for the financial period ended 31 December 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

4 Additional disclosures on securities issued by the issuer

4.1 Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Please refer to Note 16 in Section F - Notes to the condensed interim consolidated financial statements of this report for the details of the changes in share capital of the for 1H2021.

Save as disclosed above, the Company did not have any treasury shares, subsidiary holdings or other convertibles as at 30 June 2021 and 30 June 2020.

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

- 4.2 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2021	As at 31 December 2020
Number of issued shares excluding treasury shares	272,248,881	1,797,792,986

During 1H2021, the Company undertook a share consolidation of 50 shares to 1 share. The number of shares reflected as at 31 December 2020 reflects the number of the shares before the share consolidation and the number of shares reflected as at 30 June 2021 is after the share consolidation.

The Company did not have any treasury shares as at 30 June 2021 and 31 December 2020.

- 4.3 A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

- 4.4 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings during and as at the end of the current financial period reported on.

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

5 Review of performance of the Group

a. Condensed interim consolidated statement of profit or loss and other comprehensive income of the Group

In 1H2021, the Company completed the RTO Transaction on 18 February 2021. This resulted in a reverse acquisition. As such, certain professional fees which is based on success basis has been recognised upon the completion of the RTO Transaction. In addition to this, the Company is also required to recognise the deemed RTO listing expenses under the SFRS(I).

The table below sets out a summary of the Group's performance for 1H2021 and 1H2020 which excludes the above-mentioned items.

	Note	Group		Increase/ (Decrease) (%)
		6 months ended		
		30-Jun-21 (Unaudited) S\$'000	30-Jun-20 (Unaudited) S\$'000	
Revenue		5,864	6,012	(2)
Loss before tax		(29,496)	664	N.M.
Non-recurring expenses related to the RTO				
RTO listing expenses	(i)	3,627	-	N.M.
Non-recurring one- time legal fees	(ii)	165	-	N.M.
Deemed RTO listing expenses	(iii)	26,367	-	N.M.
Profit before tax (after excluding non-recurring expenses related to the RTO) ("Normalised PBT")	(iv)	663	664	-

N.M.: Not meaningful

i. RTO Listing Expenses

The RTO listing expenses comprise the following:

- Success fees paid to Sponsor upon the successful completion of the RTO Transaction. As indicated in the RTO Circular, the Sponsor will be paid S\$1,239,000 with the issuance of 2,360,000 new ordinary shares (post consolidation) of the Company.
- Success fees paid to an introducer for the RTO Transaction. As indicated in the RTO Circular, the introducer will be paid S\$2,400,000 through the issuance of 61,491 new ordinary shares of MC Pay.
- Shares issued to incentivised employees pursuant to the RTO amounting to S\$234k. As disclosed in the RTO Circular, this award was given to certain incentivised employees of MC Pay who have contributed significantly to the RTO Transaction. 445,520 of the Company's shares with a fair value of S\$234k were issued to these employees at the completion of the RTO Transaction.

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

ii. Non-recurring one time legal fees

The Group incurred a one-time legal fees of about S\$165,000. This was related to the Extraordinary General Meeting held on the 30 June 2021.

iii. Deemed RTO listing expenses

Deemed RTO listing expenses represent the difference between fair value of net liabilities assumed by the Group and fair value of consideration transferred. The fair value of the consideration transferred is the deemed consideration paid by MC Pay for the acquisition of the Company.

Under the guidance provided by the SFRS(I), the fair value of consideration transferred shall be the fair value of the shares of the Company prior to the completion of RTO Transaction. As at close of business day of 18 February 2021, the Company's market capitalisation was determined to be approximately S\$15,997,000. The Company has a negative net asset value of S\$10,370,000. This resulted in a difference of S\$26,367,000. As the Company has disposed of all its businesses prior the completion of the RTO Transaction, the RTO Transaction does not qualify as a business combination within SFRS(I) 3 – Business Combinations but was considered as a share-based payment under SFRS(I) 2 – Share-based Payment. As such, the Group is required to expense off this difference of S\$26,367,000 as part of the RTO listing expenses instead of capitalising it as goodwill. This is non-cash and does not have any impact on the Group's net assets as it is an accounting charge that was made against the Group's share capital.

iv. Normalised PBT

Normalised PBT in 1H2021 was about the same level as 1H2020. Whilst the Normalised PBT was about the same level, the followings were certain key variances:

- a. Share of losses from associates amounting S\$223k arising from losses incurred by PT MCP Indo Utama.
- b. Increase in administrative expenses which mainly relates to:
 - o higher legal fees (S\$108,000) incurred by the Group.
 - o SGX listing and related expenses (S\$51,000) and directors' fees (S\$67,000) which are not in existence as a private company in 1H2020.

However, the aforesaid increase in losses and expenses were offset by the following:

- a. Higher gross profit earned by the Group in 1H2021 (S\$2.8 million) as compared to 1H2020 (S\$2.5 million). This was despite a reduction in revenue of 2% to S\$5.9 million in 1H2020 from S\$6.0 million in 1H2020.

MPS segment revenue decreased to S\$3.0 million in 1H2021 as compared to S\$5.1 million in 1H2020. This was partially offset by an increase in DCES segment revenue to S\$2.8 million in 1H2021, from S\$0.9 million in 1H2020. The increase in DCES segment revenue was attributable mainly to a major project in Malaysia which started in July 2020.

In 1H2021, gross profit margin achieved was 48% as compared to 42% in 1H2020. This is due mainly to a better pricing strategy. As a result of this, gross profit was higher by S\$274,000.

- b. Higher other Income due mainly to gain from an early redemption of convertible bonds of S\$92,000 in 1H2021.

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

- c. Lower other operating expenses incurred by the Group in 1H2021 (S\$251,000) as compared to the 1H2020 (S\$342,000). This was mainly due to lower amortisation of intangible assets and lower depreciation of property, plant and equipment as some of the intangible assets, and property, plant and equipment have been fully depreciated. There were no major new capital expenditure in 1H2021.
- d. Finance cost comprising exchange losses and interest expense reduced by S\$205,000 in 1H2021 as compared to 1H2020. This was mainly due to the decrease in interest accruing to the convertible bonds. In the previous financial period ended 31 December 2020, two convertible bonds had been converted into shares in MC Pay in November 2020 and December 2020. The remaining convertible bonds were fully redeemed in March 2021.

b. Condensed interim consolidated statement of financial position

The Group's net asset value increased by S\$3.8 million, from S\$414,000 as at 31 December 2020 to S\$4.2 million as at 30 June 2021. This increase was mainly due the placement of 10 million shares at S\$0.40 per share, which was completed on 12 March 2021. After taking into consideration direct expenses related to the placement, the Group received net proceeds of S\$3.3 million.

The Group reported a positive working capital position of S\$3.1 million as at 30 June 2021, as compared to a negative working capital position of S\$785,000 as at 31 December 2020.

Non-current assets

The Group's non-current assets decreased from S\$1.0 million as at 31 December 2020 to S\$0.9 million as at 30 June 2021. This was due mainly to the decrease in property, plant and equipment, and intangible assets and goodwill, as a result of amortisation and depreciation charge for 1H2021.

Current Assets

Current assets comprised cash and cash equivalents, and trade and other receivables. Current assets increased by S\$10.0 million from S\$11.3 million as at 31 December 2020 to S\$21.3 million as at 30 June 2021, mainly due to the increase in cash and cash equivalents.

Please refer to the section on "Consolidated Statement of Cash Flows" below for reasons in the movement of cash and cash equivalents.

Current liabilities

Current liabilities comprised trade and other payables, loans and borrowings, and convertible bonds. Current liabilities increased by S\$6.1 million, from S\$12.1 million as at 31 December 2020 to S\$18.2 million as at 30 June 2021.

Trade and other payables increased by S\$6.9 million, from S\$10.7 million as at 31 December 2020 to S\$17.6 million as at 30 June 2021. This was due mainly to the increase in merchant funding.

Loans and borrowings increased to S\$0.6 million due mainly to the loan extended by Mr. Ching to the Company which was assumed into the Group as part of the RTO Transaction.

Convertible bonds decreased by S\$1.4 million as it was fully repaid in 1H2021.

Non-current liabilities

Non-current liabilities relate to non-current portion of loans and borrowings. It increased by S\$58,000 as at 30 June 2021 (31 December 2020: Nil) arose from the capitalisation of a lease obligation for an office rental.

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

c. Condensed interim consolidated statement of cash flows

The Group's cash and cash equivalents increased by S\$9.4 million, from S\$3.5 million as at 31 December 2020 to S\$12.9 million as at 30 June 2021. The increase in cash and cash equivalents in 1H2021 were due mainly to:

- i. Cash generated from operating activities of S\$6.7 million.
- ii. Cash generated from financing activities of S\$1.5 million, mainly due to share proceeds from share issue of S\$3.3 million, partially offset by repayment of convertible bonds and interest of S\$1.8 million.
- iii. Cash generated from investing activities of S\$1.2 million, mainly due to Company's cash balance came into the Group arising from the reverse take-over.

6 Where a forecast, or a prospect statement has been previously disclosed to shareholders, any variance between it and the actual results.

The Company refers to the trend information disclosed in the section entitled "Trends" of the RTO Circular where it is anticipated that amongst others, MC Pay Group's revenue will increase in 2021.

However, the Group's revenue decreased in 1H2021 as compared to 1H2020 mainly due to a decrease in revenue from the MPS segment (from S\$5.1 million in 1H2020 to S\$3.0 million in 1H2021), partially offset by an increase in revenue from the DCES segment (from S\$0.9 million in 1H2020 to S\$2.8 million in 1H2021). The increase in revenue from the DCES segment was attributable mainly to a major project in Malaysia which started in July 2020.

7 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 6 months.

Despite the turbulent impact that the COVID-19 pandemic has had across businesses and consumers, we have witnessed structural shifts and trends in our markets which have accelerated the digital transformation of payments. The accelerated pace of digitization coupled with permanent shifts in consumer behavior have created opportunities to the Group. The Group is of the view that the following key trends will likely provide opportunities to the Group:

- a. Continued expansion of digital payments and its broader ecosystem, where ASEAN digital payments Total Payment Volume ("TPV") is expected to more than triple to US\$1.5 trillion by 2030 (Worldpay Global Payments Report¹) driven by the continued rise in e-commerce penetration, particularly in mobile, and rapid adoption of cash-less and contact-less payments, which was further accentuated during the pandemic.
- b. The rapidly increasing user adoption of Buy Now, Pay Later ("BNPL") schemes over traditional payment methods. The BNPL scheme leverages on the large under-banked population and attractive demographic dividend across South East Asia. BNPL is now

¹ Source: Media release entitled "Digital payments in Asean to triple to US\$1.5t by 2030: report" published by The Business Times on 16 October 2020

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

the fastest growing online payment method in Singapore (Worldpay Global Payments Report²).

- c. Advent of digital currencies and digital payment tokens, including Central Bank Digital Currencies ("CDBC") is accelerating modernization of payments for the digital economy as well as promoting financial inclusion across Asia.

The Group, as the first digital payments listed on the Singapore Exchange, allows us greater access to capital to accelerate our growth plan and tap into opportunities which we hope to execute on within the next twelve months.

8 Dividends

Not applicable

9 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1H2021 as the Group recorded net loss in 1H2021.

10 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

11 Disclosure of acquisition (including incorporations) and sale of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

Following the extraordinary general meeting held on 22 January 2021, the shareholders of the Company approved the RTO Transaction. The completion of the RTO Transaction resulted in the shareholders of MC Pay, on a collective basis, becoming the major shareholders of the Company. For more information, please refer to the Company's announcements dated 31 December 2021, 22 January 2021 and 18 February 2021.

12 Use of proceeds

12.1 Use of Proceeds from the Disposal of Artimedia Pte Ltd

On 11 August 2017, the Company completed the disposal of the entire issued and paid-up share capital of Artimedia Pte. Ltd. for a total cash consideration of S\$5 million (the "**Disposal**") and received the first tranche payment of the cash consideration of S\$3 million ("**First Tranche Consideration**"). On 9 February 2018, the Company received the second tranche payment of the cash consideration of S\$1 million ("**Second Tranche Consideration**"); and on 6 July 2018, it received the final tranche payment of the cash consideration of S\$1 million ("**Final Tranche Consideration**").

As announced by the Company on 5 April 2018, pursuant to the "no objections" letter issued by the SGX-ST on the same day in relation to, *inter alia*, the Company's application for waiver from compliance with Rule 1017(1)(a) of the Catalist Rules, the Final Tranche Consideration will have to be placed in an escrow account to be opened by the Company

² <https://worldpay.globalpaymentsreport.com/en/>

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore.

As announced by the Company on 12 November 2018, the First Tranche Consideration and Second Tranche Consideration had been fully utilised, and the Final Tranche Consideration stood at S\$1 million as at 30 September 2018. As at 31 December 2020, the Final Tranche Consideration remained at S\$1 million, which had been placed in an escrow account opened by the Company since December 2018. Following completion of the Acquisition, the Final Tranche Consideration of S\$1 million was released from escrow on 26 February 2021.

The following is a summary of the Final Tranche Consideration and the utilisation thereof:

Use of Final Tranche Consideration	Balance of Final Tranche Consideration as at 1 April 2021 (being the date of the Company annual report for financial period ended 31 December 2020 ("AR2020") (S\$'000))	Amount utilised as at the date of this announcement (S\$'000)	Balance of Final Tranche Consideration as at the date of this announcement (S\$'000)
General working capital	451	99	352
Total	451	99	352
Breakdown of uses of general working capital:			
SGX listing and related expenses		37	
Payment of outstanding expenses in connection with the RTO Transactions		61	
General administrative expenses		1	

The use of the Final Tranche Consideration is in accordance with the intended use as stated in the Company's announcement dated 11 June 2017.

12.1 Use of Proceeds from the January 2021 Placement

On 28 January 2021, the Company completed a placement of an aggregate of 62,305,295 new ordinary shares (on a pre-consolidation basis) at an issue price of S\$0.00963 per share (the "**January Placement**"), raising gross and net proceeds of approximately S\$600,000 (the "**January Placement Net Proceeds**"). Please refer to the Company's announcements dated 24 December 2020, 22 January 2021 and 28 January 2021 for more information on the January Placement.

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

The following is a summary of the January Placement Net Proceeds and the utilisation thereof:

Use of January Placement Net Proceeds	Balance of January Placement Net Proceeds as at 1 April 2021 (being the date of the AR2020) (S\$'000)	Amount utilised as at the date of this announcement (S\$'000)	Balance of January Placement Net Proceeds as at the date of this announcement (S\$'000)
General working capital	434	-	434
Total	434	-	434

The use of the January Placement Net Proceeds is in accordance with the intended use as stated in the Company's announcement dated 24 December 2020.

The Company will make periodic announcements via SGXNet as and when the balance of the January Placement Net Proceeds is materially utilised.

12.2 Use of Proceeds from the March 2021 Placement

On 12 March 2021, the Company completed a placement of an aggregate of 10,000,000 new ordinary shares (on a post-consolidation basis) at an issue price of S\$0.40 per share (the "**March Placement**"), raising net proceeds of approximately S\$3.3 million (the "**March Placement Net Proceeds**"). Please refer to the Company's announcements dated 8 March 2021 and 12 March 2021 for more information on the March Placement.

The following is a summary of the March Placement Net Proceeds and the utilisation thereof:

Use of March Placement Net Proceeds	Balance of March Placement Net Proceeds as at 1 April 2021 (being the date of the AR2020) (S\$'000)	Amount utilised as at the date of this announcement (S\$'000)	Balance of March Placement Net Proceeds as at the date of this announcement (S\$'000)
Payment of outstanding expenses in connection with the RTO Transactions	1,406	(470)	936

The use of the March Placement Net Proceeds is in accordance with the intended use as stated in the Company's announcement dated 12 March 2021.

The Company will make periodic announcements via SGXNet as and when the balance of the March Placement Net Proceeds is materially utilised.

13 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalist Rules.

G. Other Supplementary Information Pursuant to Appendix 7C of the Catalist Rules

14 Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ching Chiat Kwong
Non-executive Non-independent
Chairman

Tan Chee Keong
Managing Director

**BY ORDER OF THE BOARD
MC PAYMENT LIMITED**

Tan Chee Keong
Managing Director
Singapore

14 August 2021