



UTS MARKETING SOLUTIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6113



2017 INTERIM REPORT

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Corporate Information

DIRECTORS

Executive Directors

Mr. Ng Chee Wai (*Chairman*)
Mr. Lee Koon Yew
Mr. Kwah Kah Yew

Independent Non-executive Directors

Mr. Lee Shu Sum Sam
Mr. Kow Chee Seng
Mr. Chan Hoi Kuen Matthew

REGISTERED OFFICE

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

HEADQUARTERS IN MALAYSIA

Tingkat 10
Bangunan KWSP
No. 3 Changkat Raja Chulan
50200 Kuala Lumpur
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 1002-3, 10/F, York House
The Landmark
15 Queen's Road Central
Hong Kong

JOINT COMPANY SECRETARIES

Mr. Yau Chung Hang
Mr. Wong Weng Yuen

AUTHORISED REPRESENTATIVES

Mr. Kwan Kah Yew
Mr. Chan Hoi Kuen Matthew

AUDIT COMMITTEE

Mr. Kow Chee Seng (*Chairman*)
Mr. Lee Shu Sum Sam
Mr. Chan Hoi Kuen Matthew

REMUNERATION COMMITTEE

Mr. Chan Hoi Kuen Matthew (*Chairman*)
Mr. Kow Chee Seng
Mr. Lee Shu Sum Sam
Mr. Lee Koon Yew

NOMINATION COMMITTEE

Mr. Lee Shu Sum Sam (*Chairman*)
Mr. Kow Chee Seng
Mr. Chan Hoi Kuen Matthew
Mr. Kwan Kah Yew

AUDITOR

RSM Hong Kong
Certified Public Accountants
29/F, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

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

CIMB Bank Berhad
Bank Islam Malaysia Berhad

STOCK CODE

6113

WEBSITE

www.unitedteleservice.com

INDEPENDENT REVIEW REPORT



INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF UTS MARKETING SOLUTIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 16 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2016 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

RSM Hong Kong

Certified Public Accountants

Hong Kong

28 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Six months ended 30 June	
		2017 RM'000 (unaudited)	2016 RM'000 (unaudited)
Revenue	5	42,293	35,922
Other income and gains		501	270
Staff costs		(27,499)	(21,686)
Depreciation		(538)	(652)
Other operating expenses		(9,136)	(5,683)
Profit from operations		5,621	8,171
Finance costs		(137)	(85)
Profit before tax		5,484	8,086
Income tax expense	6	–	–
Profit and total comprehensive income for the period	7	5,484	8,086
Profit and total comprehensive income attributable to:			
Owners of the Company		5,484	8,087
Non-controlling interests		–	(1)
Total comprehensive income for the period		5,484	8,086
Earnings per share	9	RM	RM
Basic		1.83 cents	2.70 cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Note	30 June 2017 RM'000 (unaudited)	31 December 2016 RM'000 (audited)
Non-current assets			
Property, plant and equipment	10	3,773	2,823
Current assets			
Trade receivables	11	18,653	15,425
Other receivables		1,252	3,034
Tax receivable		183	132
Pledged bank deposits		2,367	2,121
Bank and cash balances		4,521	2,653
		26,976	23,365
Current liabilities			
Accruals and other payables		8,023	4,877
Finance lease payables		168	163
Borrowings	12	3,435	2,423
		11,626	7,463
Net current assets		15,350	15,902
Total assets less current liabilities		19,123	18,725
Non-current liabilities			
Finance lease payables		869	955
NET ASSETS		18,254	17,770

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 30 JUNE 2017

	Note	30 June 2017 RM'000 (unaudited)	31 December 2016 RM'000 (audited)
Capital and reserves			
Share capital	13	—*	250
Reserves		18,254	17,520
TOTAL EQUITY		18,254	17,770

* Represents the amount less than RM1,000

Approved by the Board of Directors on 28 August 2017 and are signed on its behalf by:

Ng Chee Wai
Director

Lee Koon Yew
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Attributable to owners of the Company						Total equity RM'000
	Share capital	Merger reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2016 (audited)	250	-	15,518	-	15,768	(21)	15,747
Total comprehensive income for the period	-	-	8,087	-	8,087	(1)	8,086
Dividend paid	-	-	(9,300)	-	(9,300)	-	(9,300)
Changes in equity for the period	-	-	(1,213)	-	(1,213)	(1)	(1,214)
As at 30 June 2016 (unaudited)	250	-	14,305	-	14,555	(22)	14,533
As at 1 January 2017 (audited)	250	-	12,520	5,000	17,770	-	17,770
Total comprehensive income for the period	-	-	5,484	-	5,484	-	5,484
Issue of shares	-*	-	-	-	-*	-	-*
Effect from group reorganisation	(250)	250	-	-	-	-	-
Dividend paid	-	-	-	(5,000)	(5,000)	-	(5,000)
2017 interim dividends	-	-	(8,000)	8,000	-	-	-
Changes in equity for the period	(250)	250	(2,516)	3,000	484	-	484
As at 30 June 2017 (unaudited)	-*	250	10,004	8,000	18,254	-	18,254

* Represents the amount less than RM1,000

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	RM'000	RM'000
	(unaudited)	(unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	7,549	6,811
Purchases of property, plant and equipment	(1,566)	(206)
Other investing cash flows (net)	(46)	(1,060)
NET CASH USED IN INVESTING ACTIVITIES	(1,612)	(1,266)
Proceeds from issue of shares	–*	–
Increase in due to a director	–	7
Repayment of finance lease payables	(81)	(99)
Dividend paid	(5,000)	(9,300)
NET CASH USED IN FINANCING ACTIVITIES	(5,081)	(9,392)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	856	(3,847)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	230	1,735
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,086	(2,112)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	4,521	1,966
Bank overdrafts	(3,435)	(4,078)
	1,086	(2,112)

* Represents the amount less than RM1,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands on 23 August 2016.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") now comprising the Group are principally engaged in the provision of outbound marketing services and contact centre facilities for promotion of financial products and its related activities issued by authorised financial institutions, cards companies or organisation worldwide (the "Business").

On 12 July 2017, the Company's shares were listed (the "Listing") on the main board of The Stock Exchange of Hong Kong Limited.

In the opinion of the directors of the Company, as at 30 June 2017, Marketing Intellect (UTS) Limited, a company incorporated in the British Virgin Islands, is the immediate and ultimate parent; Mr. Ng Chee Wai is the ultimate controlling party of the Company (together with Marketing Intellect (UTS) Limited, known as the "Controlling Shareholders").

2. REORGANISATION AND BASIS OF PREPARATION

Prior to the incorporation of the Company and the completion of the reorganisation for the purpose of the Listing (the "Reorganisation"), the Business was carried out by companies now comprising the Group (collectively the "Operating Companies"). The Operating Companies were controlled by the Controlling Shareholders.

Immediately prior to and after the Reorganisation, the Business was and continues to be held by the Operating Companies. Pursuant to the Reorganisation, the Operating Companies together with the Business were transferred to and are held by the Company through UTS Marketing Solutions (BVI) Limited. The Reorganisation was completed on 14 June 2017 and thereafter, the Company became the holding company of the Group.

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the financial information for the year ended 31 December 2016 included in the Accountants' Report as set out in Appendix I to the prospectus issued by the Company dated 22 June 2017 (the "Prospectus"). The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Accountants' Report for the year ended 31 December 2016.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated financial statements.

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

5. REVENUE AND SEGMENT INFORMATION

All non-current assets and the Group's revenue from external customers are located in Malaysia.

All of the Group's revenue represents income from the provision of telemarketing services. The executive directors of the Company, being the chief operating decision makers, review the Group's internal reporting in order to assess performance and allocate resource. As the Group is principally engaged in the provision of telemarketing services in Malaysia, which are subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the profit before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of Hong Kong Financial Reporting Standard 8 "Operating Segments" and no operating segment information is presented.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RM'000	RM'000
	(unaudited)	(unaudited)
Current tax — Malaysian Income Tax	–	–

Malaysian income tax is calculated at the statutory tax rates of 24% on the estimated taxable profits for the six months ended 30 June 2017 and 2016. Certain subsidiaries incorporated in Malaysia enjoy tax rates of 18% (2016: 19%) on the first RM500,000 and remaining balance of the estimated taxable profit at tax rates of 24% for the six months ended 30 June 2017 and 2016.

No provision of profit tax in Hong Kong and Indonesia is required for the six months ended 30 June 2017 and 2016 as the Group did not generate any assessable profits arising in or derived from these jurisdictions for the six months ended 30 June 2017 and 2016.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Tele Response Sdn. Bhd. ("Tele Response"), a subsidiary of the Group obtained the pioneer certificate from the Malaysian Investment Development Authority in 2011 and is entitled to tax exemption of its statutory income for a period of 5 years from 10 February 2010 to 9 February 2015. Such tax exemption was renewed in 2015 and accordingly Tele Response is entitled to tax exemption of its statutory income for a period of 5 years from 10 February 2015 to 9 February 2020.

7. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2017	2016
	RM'000	RM'000
	(unaudited)	(unaudited)
Interest income	(36)	–
Listing expenses	3,472	873
Operating lease charges in respect of		
– Hire of plant and equipment	42	41
– Land and buildings	1,423	1,209
	1,465	1,250
Staff costs (including directors' emoluments)		
– Salaries, bonuses and allowances	24,173	19,055
– Retirement benefit scheme contributions	2,981	2,375
– Social insurance contributions	345	256
	27,499	21,686

8. DIVIDENDS

The board of directors of the Company has resolved to declare interim dividend of RM0.02 per share totalling RM8,000,000 for the six months ended 30 June 2017 (2016: RM Nil).

Prior to the Listing, a dividend of RM5,000,000 for the year ended 31 December 2016 was declared and paid to the then shareholders of the Company on 10 March 2017 and 3 April 2017.

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2017 of approximately RM5,484,000 (2016: approximately RM8,087,000) and the weighted average number of 300,000,000 (2016: 300,000,000) ordinary shares in issue during the period, assuming the capitalisation issue of 299,999,900 (as detailed in note 17(a)) ordinary shares has been completed on 1 January 2016.

Diluted earnings per share

No diluted earnings per share are presented as there are no dilutive potential ordinary shares during the six months ended 30 June 2017 and 2016.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment with a cost of RM1,566,176 (2016: approximately RM206,000). Property, plant and equipment with a net book value of RM77,821 were disposed of during the six month ended 30 June 2017 (2016: RM Nil), resulting in a gain on disposal of RM86,179 (2016: RM Nil).

11. TRADE RECEIVABLES

The general credit terms of trade receivables were 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

The aging analysis of trade receivables, based on the invoice date is as follows:

	30 June 2017 RM'000 (unaudited)	31 December 2016 RM'000 (audited)
0 to 30 days	8,537	8,738
31 to 60 days	7,549	5,826
61 to 90 days	1,886	648
Over 90 days	681	213
	18,653	15,425

12. BORROWINGS

	30 June 2017 RM'000 (unaudited)	31 December 2016 RM'000 (audited)
Bank overdrafts, secured and repayable on demand	3,435	2,423

The carrying amounts of the Group's borrowings are denominated in Malaysian Ringgit. The Group's average interest rate for the bank overdrafts is 8.68% (2016: 8.60%).

The Group's bank overdrafts are secured by the personal guarantees executed jointly and severally by the directors of the Company and pledged bank deposits.

13. SHARE CAPITAL

The share capital of the Group at 31 December 2016 represents the issued and fully paid share capital of UTS Marketing Solutions Sdn. Bhd., a subsidiary of the Company, of 250,000 ordinary shares of RM1 each.

The movements in share capital of the Company are as follows:

	Notes	Number of shares	Amount HK\$
Authorised:			
On incorporation, at 31 December 2016 and 1 January 2017 (HK\$0.01 each)	(a)	38,000,000	380,000
Increased in authorised share capital	(d)	9,962,000,000	99,620,000
At 30 June 2017 (HK\$0.01 each)		10,000,000,000	100,000,000
Issued and fully paid:			
On incorporation, at 31 December 2016 and 1 January 2017	(b)	1	—*
Issued of ordinary shares pursuant to the Reorganisation	(c)	99	1
At 30 June 2017 (unaudited)		100	1

* Represents the amount less than HK\$1

Notes:

- (a) The Company was incorporated as an exempted company in the Cayman Islands on 23 August 2016 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.
- (b) On incorporation, one subscriber share was allotted and issued to the initial subscriber at par, which was transferred subsequently to Marketing Intellect (UTS) Limited, a company wholly owned by Mr. Ng Chee Wai, at par value on the same date.
- (c) On 14 June 2017, 22, 18 and 59 shares were allotted and issued and fully paid to Marketing Talent (UTS) Limited, Marketing Wisdom (UTS) Limited and Marketing Intellect (UTS) Limited respectively.
- (d) Pursuant to the written resolutions passed by the shareholders of the Company held on 14 June 2017, the authorised share capital of the 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 9,962,000,000 shares of HK\$0.01 each.

14. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

As at 30 June 2017 and 31 December 2016, the Group's bank overdrafts are secured by the personal guarantees executed jointly and severally by the directors of the Company and pledged bank deposits.

(b) Compensation of key management personnel of the Group:

	30 June 2017 RM'000 (unaudited)	30 June 2016 RM'000 (unaudited)
Short term employee benefits	2,055	1,836
Retirement benefit scheme contributions	276	247
Social insurance contributions	6	6
Total compensation paid to key management personnel	2,337	2,089

15. SHARE-BASED PAYMENT TRANSACTIONS

The Group conditionally adopted a share option scheme on 14 June 2017 ("Share Option Scheme"). The purpose of Share Option Scheme is to provide any directors and full-time or part-time employees, executive, consultants or any members of the Group who have contributed or will contribute to the Group ("Eligible Participants") with the opportunity to acquire proprietary interests in the Company and to motivate Eligible Participants to optimise their performance efficiency and to maintain business relationship with the Eligible Participants for the benefits of the Group.

Pursuant to the Share Option Scheme, the directors of the Company may invite Eligible Participants to take up options at a price determined by the board of directors provided that it shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of shares in issue unless the Company obtains a fresh approval from the shareholders to refresh the limit.

The maximum entitlement for any one Eligible Participant is that the total number of the shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each Eligible Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue unless otherwise approved by the shareholders at a general meeting of the Company.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which would be determined and notified by the board of directors to the grantee at the time of making an offer.

No share options have been granted by the Group up to the date of issuance of these condensed consolidated financial statements.

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2017 (At 31 December 2016: RM Nil).

17. EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to the written resolutions passed by the shareholders of the Company on 14 June 2017, conditional on share premium account of the Company being credited as a result of the Global Offering (as defined in the Prospectus), the directors were authorised to capitalise an amount of HK\$2,999,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 299,999,900 shares for allotment and issue to the then existing shareholders in proportion to their respective shareholdings. The capitalization was completed on 12 July 2017.

(b) On 12 July 2017, the Company issued 100,000,000 new ordinary shares by way of Global Offering.

18. NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. The Group has not early adopted any new or amended standards that has been issued but is not yet effective.

The Group has no updates to the information provided in the Accountants' Report as set out in the Prospectus about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in outbound telemarketing services of financial products, which include insurance products (conventional and takaful insurance products), promoting credit cards and balance transfer, and soliciting donation programmes for our clients in Malaysia. Our current clientele are mainly banks, insurance companies, takaful operators, and charitable organisations in Malaysia. On 28 April 2017, the Group entered into a new lease agreement to lease a property with an approximate gross floor area of 9,649 sq. ft. located at Level 9, Bangunan KWSP, No. 3, Changkat Raja Chulan, 50200, Kuala Lumpur, Malaysia with effect from 1 April 2017 as an additional contact centre for outbound contact services. Such new contact centre provides 276 workstations and has been in operation since May 2017.

As at 30 June 2017, the total number of workstations orders that the Group received from its clients were approximately 1,200. A new project, being a CoBrand Credit Card outsource telemarketing project was launched in mid-April 2017 with a pilot order of 10 workstations from the client and increased to 40 workstations per month thereafter. As at 30 June 2017, the Group operated six contact centers situated within the central business district of Kuala Lumpur, Malaysia with employees of approximately 1,515.

The shares of the Company were successfully listed on the Stock Exchange (the "Listing") on 12 July 2017 (the "Listing Date") and the Group's principal business activities were disclosed in the prospectus of the Company dated 22 June 2017 (the "Prospectus").

The Group's net profit for the six months ended 30 June 2017 amounted to approximately RM5.48 million, representing a decrease of approximately RM2.61 million as compared to approximately RM8.09 million for the corresponding six months ended 30 June 2016. The decrease was mainly due to increase in one-off listing expenses incurred on professional and consultancy fees in preparation for the Listing.

FINANCIAL REVIEW

Revenue

	Six months ended 30 June	
	2017 RM'000	2016 RM'000
Industry sector		
Insurance	36,161	29,286
Banking and financial	3,715	3,671
Telecommunications	–	579
Others	2,417	2,386
Total	42,293	35,922

For the six months ended 30 June 2017, the Group recorded a revenue of approximately RM42.29 million, representing an increase of approximately 17.7% as compared with approximately RM35.92 million for the corresponding period in 2016. Such increase in revenue was attributable to the increase in the number of workstations ordered by our clients particularly from the insurance sector.

The overall average number of workstations order per month increased from 999 for the six months ended 30 June 2016 to 1,158 for the six months ended 30 June 2017. The revenue generated per workstation per month remained relatively stable for the six months ended 30 June 2017 and 2016, which was approximately RM6,087 and RM5,993, respectively.

Other income and gains

For the six months ended 30 June 2017, other income and gains increased by approximately RM0.23 million or 85.2%, from approximately RM0.27 million to RM0.50 million, primarily due to increase in (i) rental income that we received for subleasing out contact centers to the database owners that the Group cooperated with, (ii) gain on disposal of property, plant and equipment and (iii) interest income received from pledged bank deposits.

Staff costs

For the six months ended 30 June 2017, staff costs increased by approximately RM5.81 million or 26.8%, from approximately RM21.69 million to approximately RM27.50 million. This was mainly due to the increase in average staff costs per staff per month of RM2,751 for the six months ended 30 June 2016 to RM3,216 for the six months ended 30 June 2017.

Average number of staff increased from a monthly average of 1,314 for the six months ended 30 June 2016 to a monthly average of 1,425 for the six months ended 30 June 2017. The increased in the average number of staffs were in tandem to the increased in number of workstations ordered by our clients.

Depreciation

For the six months ended 30 June 2017, depreciation charges decreased by approximately RM0.11 million or 16.9%, from approximately RM0.65 million to approximately RM0.54 million. The decrease in the depreciation charges was mainly due to increase in the amount of fully depreciated property, plant and equipment during the period.

Other operating expenses

For the six months ended 30 June 2017, other operating expenses increased by approximately RM3.46 million or 60.9%, from approximately RM5.68 million to approximately RM9.14 million. The increase was primarily due to listing expenses incurred on professional and consultancy fees in preparation for the Listing. Listing expenses increased by RM2.60 million, from approximately RM0.87 million to RM3.47 million.

Finance costs

For the six months ended 30 June 2017, finance costs increased by approximately RM52,000 or 61.2%, from approximately RM85,000 to RM137,000. The increase was primarily due to increase in bank overdraft interest on higher utilisation of bank overdraft facilities to fund for the listing expenses incurred during the period.

Income tax expenses

No income tax expenses provision were required for the six months ended 30 June 2017 as the Group did not generate any assessable profits arising from the six months ended 30 June 2017. A subsidiary of the Group is entitled for tax exemption from its statutory income in Malaysia for a period of 5 years from 10 February 2015 to 9 February 2020.

Net profit and net profit margin

As a result of the above factors, the Group recorded a profit after tax of approximately RM5.48 million and RM8.09 million for the six months ended 30 June 2017 and 2016 respectively. Net profit margin was approximately 13.0% and 22.5% for the six months ended 30 June 2017 and 2016, respectively. The decrease in net profit margin by 9.5% was mainly due to the increase in other operating expenses as a result of the listing expenses incurred for the preparation for the Listing during the period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Financial resources

The Group generally meets its working capital requirements and capital expenditures on plant and equipment from its internally generated funds and bank overdrafts. For the six months ended 30 June 2017, the Group generated net cash inflow from operating activities of approximately RM7.55 million (30 June 2016: approximately RM6.81 million). The Group was able to repay its obligations when they became due. The Group did not experience material difficulties in rolling over its banking facilities.

The Group expects that there will not be any material change in its source of fund except that the Group will utilize less the available bank overdraft facilities after the Listing. Additional funds are expected to be available from the net proceeds of the Global Offering (as defined in the Prospectus) for implementation its future plans as according to the details as disclosed in the section headed "Future Plans and Used of Proceeds" of the Prospectus.

Borrowing and finance lease payables

As at 30 June 2017, the Group had an aggregate of current and non-current bank borrowings and finance lease obligations of approximately RM4.47 million (31 December 2016: approximately RM3.54 million), which were all denominated in Malaysian Ringgit. The Group's average interest rate for the bank overdrafts is 8.68% (31 December 2016: 8.60%) whereas the average effective interest rate for finance lease is approximately 5% (31 December 2016: approximately 5%).

PLEDGE OF ASSETS

As at 30 June 2017, the Group's bank borrowings, which were all denominated in Malaysian Ringgit were secured by (i) the pledge of bank deposits of approximately RM2.37 million (31 December 2016: RM2.12 million), and (ii) personal guarantees executed jointly and severally by the directors of the Company. Such personal guarantees were released upon successful Listing.

GEARING RATIO

The Group's gearing ratio, which is calculated by total borrowings and finance leases payables divided by total equity, increased from approximately 19.9% as at 31 December 2016 to approximately 24.5% as at 30 June 2017, primarily due to the increase in the total borrowings, representing our bank overdrafts, as at 30 June 2017. The increase in bank overdrafts was mainly due to the cash required for listing expenses during the period.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The major factors which may affect the operations results and financial conditions of the Group include the following:

Ability to secure sufficient labour and control staff cost

Contact service industry is service-oriented and labour intensive business, any shortage in staff, or increase in staff costs may materially and adversely affect our business, results of operations, financial conditions and prospects.

As at 30 June 2017, the Group had 1,515 employees. Total staff costs incurred by the Group for the six months ended 30 June 2017 were approximately RM27.50 million (30 June 2016: RM21.69 million), representing approximately 65.0% of the revenue of the Group for the six months ended 30 June 2017.

The Group is able to attract and retain sufficient number of staffs, in particular our telemarketing sales representatives by giving performance linked commission and incentive based on pre-determined sales target.

Appropriate corrective action and re-training are taken to further improve the quality of the services provided by the telemarketing sales representatives.

Delay in settlement of bills from the five largest clients

The majority of the Group's revenue is derived from a limited number of clients. Sales to the top five largest clients accounted for approximately 71.5% of the total revenue for the six months ended 30 June 2017 (30 June 2016: 67.7%). All the five largest clients are in the insurance sector.

The Group may be subject to the risk of payment deferral by our clients. If settlements by our clients are not made in full or in a timely manner, the cash position and financial conditions of the Group will be materially and adversely affected.

The Group will continue monitoring the trade receivables collection cycle in order to fully recover the outstanding amounts due from our clients. As at 30 June 2017, the trade receivables were approximately RM18.7 million. Subsequent to 30 June 2017, approximately RM12.0 million or 64.2% of the outstanding balances of trade receivables was collected up to the date of this interim report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

A total of 100,000,000 shares were issued in the Global Offering at a price of HK\$1.38 each on the Listing Date. The net proceeds (after deducting the underwriting fees and related expenses) from the Global Offering amount to approximately HK\$109.7 million will strengthen the Group's financial position and the Group will implement its future plans according to the details as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

As the shares of the Company were only listed on the Stock Exchange on 12 July 2017, the Group has only utilised approximately RM2.2 million for working capital purposes from the net proceed received of approximately HK\$109.7 million (approximately RM60.3 million) as at the date of this interim report.

Intended applications	Actual net proceeds received	Amount utilised as at 28 August 2017	Amount unutilised as at 28 August 2017
	RM'000	RM'000	RM'000
Expanding of outbound contact service business	30,137	–	30,137
Setting up inbound contact centre	15,070	–	15,070
Upgrading and enhancing information technology system	9,041	–	9,041
Working capital	6,027	2,198	3,829
Total	60,275	2,198	58,077

The balance of the net proceeds is currently deposited in a licensed financial institution in Hong Kong.

CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 30 June 2017.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2017.

EMPLOYEES AND REMUNERATIONS POLICIES

As at 30 June 2017, the Group had 1,515 employees. Total staff costs incurred by the Group for the six months ended 30 June 2017 were approximately RM27.50 million (30 June 2016: RM21.69 million).

The employees of the Group are remunerated according to their job scope and responsibilities. Performance linked commission and allowances in addition to fixed salary are paid to the employees to drive productivity and performance. The employees are also entitled to annual discretionary performance bonus, salary increment and promotion based on regular performance review and annual appraisal.

FOREIGN CURRENCY EXPOSURE

The Group's revenue generating operations are principally conducted in Malaysian Ringgit, which is also the functional currency of the Group. Our Directors consider our Group's exposure to foreign currency risk is not significant. Our Group does not employ any financial instruments for hedging purposes.

SIGNIFICANT INVESTMENT HELD

As at 30 June 2017, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2017.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2017, save for the reorganization in preparation of the Listing, there was no material acquisition or disposal by the Group.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders of the Company nor any of their respective close associates that compete or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the six months ended 30 June 2017.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

There had been no material changes on the business operation of the Group subsequent to 30 June 2017 except for the successful listing of the Company on the Stock Exchange on 12 July 2017.

OUTLOOK AND FUTURE PROSPECTS

The shares of the Company were listed on the Stock Exchange on 12 July 2017. The successful listing of the Company will enhance the Group's corporate profile, market reputation and brand awareness which will strengthen our clients' confidence in our Group and in turn boost our business expansion.

The Group will continue focus on the following business strategies according to the details as disclosed in the section headed "Business — Our Business Strategies" of the Prospectus.

- Further strengthen our market position as one of the leading outbound contact service providers in Malaysia by expanding our capacity;
- Capitalise on the potential of inbound contact services by setting up an inbound contact centre; and
- Upgrade and enhance existing information technology system and develop a comprehensive system for billing and reconciliation services.

From 1 July 2017 onwards, a new policy on motor insurance coverage comes into effect, as Bank Negara Malaysia (BNM) introduces flexible premium pricing rate for comprehensive and third-party fire and theft insurance products where premium pricing will be determined by individual insurers and takaful operators. Prior to that, premiums are tariffed, insurance companies are not allowed to vary the prices chargeable on the insurance policy ("Liberalisation").

The Group remains optimistic on the motor insurance sector because the Liberalisation encourages innovation and competition among insurers and takaful operators.

The Liberalisation is expected to see insurance companies and takaful operators increase their competitive advantage by offering customers creative and attractive packages via new distribution channels such as cost efficient telemarketing and online channels that would enable insurance protection to be purchased in a manner most convenient to consumers.

OTHER INFORMATION

DIRECTORS' INTEREST AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Listing Date, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which 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 in which they are taken or deemed to have taken under such provisions), or required, pursuant to section 352 of the SFO, to be entered in the register referred to therein are as follows:

Long Positions in the Shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Ng Chee Wai (Note 1)	Interest in controlled corporation	180,000,000	45%
Mr. Lee Koon Yew (Note 2)	Interest in controlled corporation	66,000,000	16.5%
Mr. Kwan Kah Yew (Note 3)	Interest in controlled corporation	54,000,000	13.5%

Notes:

1. The Shares are held by Marketing Intellect (UTS) Limited, a company incorporated in the BVI and is wholly-owned by Mr. Ng Chee Wai. Mr. Ng Chee Wai is deemed to be interested in these shares under the SFO.
2. The Shares are held by Marketing Talent (UTS) Limited, a company incorporated in the BVI and is wholly-owned by Mr. Lee Koon Yew. Mr. Lee Koon Yew is deemed to be interested in these shares under the SFO.
3. The Shares are held by Marketing Wisdom (UTS) Limited, a company incorporated in the BVI and is wholly-owned by Mr. Kwan Kah Yew. Mr. Kwan Kah Yew is deemed to be interest in these shares under the SFO.

Save as disclosed above, as at the Listing Date, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Listing Date, the persons or corporations other than Directors or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept under section 336 of the SFO, were as follows:

Long Position in the Shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Marketing Intellect (UTS) Limited (Note 1)	Beneficial owner	180,000,000	45%
Ms. Cheong Wai Mun (Note 2)	Interest of spouse	180,000,000	45%
Marketing Talent (UTS) Limited (Note 3)	Beneficial owner	66,000,000	16.5%
Ms. Teh Swee Lee (Note 4)	Interest of spouse	66,000,000	16.5%
Marketing Wisdom (UTS) Limited (Note 5)	Beneficial owner	54,000,000	13.5%
Ms. Sun Bee Wah (Note 6)	Interest of spouse	54,000,000	13.5%

Notes:

- Marketing Intellect (UTS) Limited is a company incorporated in the BVI and is wholly-owned by Mr. Ng Chee Wai.
- Ms. Cheong Wai Mun is the spouse of Mr. Ng Chee Wai.
- Marketing Talent (UTS) Limited is a company incorporated in the BVI and is wholly-owned by Mr. Lee Koon Yew.
- Ms. Teh Swee Lee is the spouse of Mr. Lee Koon Yew.
- Marketing Wisdom (UTS) Limited is a company incorporated in the BVI and is wholly-owned by Mr. Kwan Kah Yew.
- Ms. Sun Bee Wah is the spouse of Mr. Kwan Kah Yew.

Save as disclosed above, as at the Listing Date, so far as is known to the Directors or chief executive of the Company, no other person (other than the Directors and chief executive of the Company) had any interest and short positions in the shares, underlying shares and debentures of the Company which were required to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or required to be recorded in the registered required under section 336 of the SFO as at the date of this report.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 June 2017 and only became effective from the Listing Date. Therefore, no option has been granted, exercised, cancelled or lapsed during the six months ended 30 June 2017.

The Share Option Scheme is a share incentive scheme and is established to enable the Company to grant options to the eligible participants as incentives or rewards for their contribution they had or may have made to the Group. The Share Option Scheme will provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieve the following objectives:

- (a) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and
- (b) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

Eligible participants of the Share Option Scheme include (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; (iii) any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), contractor, supplier, service provider, agent, customer and business partner of the Company or any of its subsidiaries; and (iv) any such other persons who in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

INTERIM DIVIDENDS

The board of directors of the Company resolved to declare an interim dividend of RM0.02 per share for the six months ended 30 June 2017, the same of which will be paid on or before Monday, 16 October, 2017 to those shareholders of the Company whose names appear in the Register of members of the Company at the close of business on Friday, 15 September 2017 (the record date) in Hong Kong Dollars based on the average rate of RM against HK\$ as quoted by The Hongkong and Shanghai Banking Corporation Limited on Tuesday, 12 September 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

As the shares of the Company are only listed on the Stock Exchange on 12 July 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for dealings in securities transactions by the Directors. Specific enquiries have been made with all Directors and they have confirmed their compliance with the required standard set out in the Model Code since the Listing Date and up to the date of this interim report.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining good corporate governance standard and procedures with a view to enhance investor confidence and the Company's accountability and transparency.

From the Listing Date up to the date of this interim report, the Company has complied with the code provisions included in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules and there has been no deviation from the code provisions as set forth under the CG Code during the said period.

AUDIT COMMITTEE

The Audit Committee of the Company was established on 14 June 2017 with written terms of reference in compliance with the Listing Rules. The committee comprising three independent non-executive directors namely Mr. Kow Chee Seng (chairman of the Audit Committee), Mr. Lee Shu Sum Sam and Mr. Chan Hoi Kuen Matthew.

The interim results of the Company for the six months ended 30 June 2017 have been reviewed by the Audit Committee.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017 have also been reviewed by the Company's auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The auditor's independent review report will be included in the Company's interim report for the six months ended 30 June 2017 to the Shareholders.