



# UTS MARKETING SOLUTIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 6113

## 2017 | ANNUAL REPORT





# CONTENTS

<b>2</b>	Corporate Information
<b>3</b>	Chairman's Statement
<b>4</b>	Management Discussion and Analysis
<b>11</b>	Directors and Management Profiles
<b>15</b>	Corporate Governance Report
<b>22</b>	Directors' Report
<b>29</b>	Independent Auditor's Report
<b>33</b>	Consolidated Statement of Profit or Loss and Other Comprehensive Income
<b>34</b>	Consolidated Statement of Financial Position
<b>35</b>	Consolidated Statement of Changes in Equity
<b>36</b>	Consolidated Statement of Cash Flows
<b>38</b>	Notes to the Consolidated Financial Statements
<b>78</b>	Financial Summary



# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Ng Chee Wai (*Chairman*)  
Mr. Lee Koon Yew  
Mr. Kwan 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  
P.O. 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

Unit 1802, 18/F  
Ruttonjee House  
Ruttonjee Centre  
11 Duddell Street  
Central, Hong Kong

## JOINT COMPANY SECRETARIES

Mr. Siu Chun Pong Raymond  
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

The Bank of East Asia  
CIMB Bank Berhad  
Bank Islam Malaysia Berhad

## STOCK CODE

6113

## WEBSITE

[www.unitedteleservice.com](http://www.unitedteleservice.com)



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board") of UTS Marketing Solutions Holdings Limited (the "Company"), I am pleased to present the first annual report of the Company and its subsidiaries (collectively the "Group") since its listing on the Main Board of the Stock Exchange of Hong Kong Limited on 12 July 2017.

The successful listing enables the Group to set foot on the international capital platform and turn a new page in business development. Having started our first contact centre in Ming Annexe, Malaysia, with only 50 staffs in 2008, we are proud to transcend ourselves to another level of success. Supported by a widened shareholder base and enhanced share capital, the Group acquired an abundance of financial resources to build up a solid foundation for future development.

The Group is one of the largest outsourced contact service providers in Malaysia with more than 1,500 staffs. It principally provides telemarketing services of financial products, which include insurance, credit cards, personal loans and balance transfers, mainly to banks and insurance companies.

During the year ended 31 December 2017, the Group expanded to six contact centres plus three inbound contact centres arrangement at its customers' premises. For the Reporting Period, as compared to the amount recognized for the year ended 31 December 2016, the Group realised an increase of 17.1% in its revenue.

In light of the new policy effective on 1 July 2017 introduced by Bank Negara Malaysia, the Central Bank of Malaysia, on flexible premium pricing rate for comprehensive and third-party fire and theft insurance products, the Group remains optimistic on the potential revenue increase from the motor insurance sector.

Looking forward, the Group will continue to 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. Last but not least, with the rapid development in technology nowadays, the Group will continue to embrace innovations, and, will use its best endeavours to turn every challenge into opportunity to provide best services to our customers.

On behalf of the Board, I would like to express my sincere gratitude to the relentless support of all our valuable shareholders, investors, suppliers, business partners and customers. The management team and all staff members of the Group will continue striving for better results for the Group and bringing returns to the shareholders.

**Ng Chee Wai**

*Chairman and Executive Director*

Hong Kong

26 March 2018



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### General

The Group is one of the largest outsourced contact service providers in Malaysia with more than 1,500 staffs. It principally provides telemarketing services of financial products, which include insurance, credit cards, personal loans and balance transfers, mainly to banks and insurance companies.

For the year ended 31 December 2017, the Group operated six contact centres (including the new contact centre which commenced operation in May 2017) situated within the central business district of Kuala Lumpur, Malaysia with monthly average number of staff of 1,446. The total number of workstation orders that the Group received from its clients was approximately 1,229.

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 Tingkat 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. A new project, being a CoBrand Credit Card outsource telemarketing project was launched in mid-April 2017 with a pilot order of 10 workstations per month from the client and increased to 40 workstations per month thereafter.

The shares of the Company were listed on the Stock Exchange on 12 July 2017. The successful listing of the Company enhanced 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.

For the year ended 31 December 2017, the Group recorded revenue of approximately RM85.67 million, representing an increase of approximately 17% as compared with approximately RM73.16 million for the year ended 31 December 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 Group's net profit for the year ended 31 December 2017 amounted to approximately RM5.26 million, representing a decrease of approximately RM9.06 million as compared to approximately RM14.32 million for the corresponding year ended 31 December 2016. The decrease was mainly due to increase in one-off listing expenses incurred on professional and consultancy fees in preparation for the Listing of approximately RM3.83 million, the recognition of unrealised foreign exchange loss of approximately RM2.63 million for the year ended 31 December 2017, and the higher staff costs of approximately RM13.54 million.

### Principal Risks and Uncertainties

The Company identified and determined the major risks which may affect the operations results and financial conditions of the Company through risk management process, which include the following:

#### Risk in ability to secure sufficient labour and control staff costs

Contact service industry is service-oriented and labour intensive business. For the year ended 31 December 2017, the Group had a monthly average number of staff of 1,446 (2016: 1,261). Total staff costs incurred by the Group for the year ended 31 December 2017 were approximately RM58.34 million (2016: approximately RM44.80 million), representing approximately 68% of the revenue of the Group for the year ended 31 December 2017 (2016: 61%). Any shortage of staff, or increase in staff costs may materially and adversely affect our business, results of operations, financial conditions and prospects.

To manage such risk, the Group adopts various measures such as (i) performance linked commissions and predetermined sales target incentives to attract and retain sufficient number of competent staffs, in particular telemarketing sales representatives; and (ii) appropriate corrective action and training to improve the quality of our services provided by the telemarketing sales representatives.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **Risk in 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 five largest clients accounted for approximately 69% of the total revenue for the year ended 31 December 2017 (2016: approximately 55%). All the five largest clients are in the insurance sector.

The Group may be subject to the risk of payment delay 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.

To manage such risk, the Group monitors the trade receivables collection cycle from time to time to get fully recovery of the outstanding amounts due from our clients. As at 31 December 2017, the trade receivables were approximately RM22.25 million. Subsequent to 31 December 2017 and up to the date of this report, approximately RM19.63 million or 88% of the outstanding balances of trade receivables as at 31 December 2017 were settled.

## **Compliance with Laws and Regulations**

Based on the best knowledge of the directors (the "Directors"), the Group has complied in all material respects with all relevant laws and regulations that have a significant impact on the Group.

## **Environmental Policies and Performance**

The Group is committed to operate in compliance with the applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group's existing business activities on the environment. Details of the environmental policies and performance are set out in our 2017 Environmental, Social and Governance Report which will be available on the websites of the Stock Exchange and the Company.

## **Relationship with Employees, Clients and Suppliers**

The Group recognises the importance of having good working relationships with its employees. The Group has not experienced any significant problems with its staff nor any significant labour disputes or industrial actions. The Group is of the view that the Group has good working relationship with its staff as a whole. As at 31 December 2017, we had a total employees of 1,459, comprising 626 male colleagues and 833 female colleagues.

The Group understands the importance of maintaining a good relationship with its clients and suppliers to meet its immediate and long-term business goals. All of our five largest clients are in the insurance industry. As at 31 December 2017, all of our five largest clients and suppliers have a length of relationship with our Company for more than three years. During the year ended 31 December 2017, we usually grant our clients a credit term of 30 days, and our suppliers usually grant us a credit term of seven to 30 days. During the year ended 31 December 2017, there were no material and significant dispute between the Group and its clients and suppliers.

## **Key Financial Performance Indicators ("KPIs")**

A review of the Group's business and the analysis using the key financial performance indicators are set out in this paragraph and the paragraphs headed "Financial Review" and "Liquidity, Financial Resources and Capital Structure" of this section of the report. The KPIs are selected based on the nature of our business, which is service-oriented and labour intensive. For the year ended 31 December 2017, we recorded revenue of approximately RM85.67 million, representing an increase of approximately 17% as compared with approximately RM73.16 million for the year ended 31 December 2016. Meanwhile, our total staff costs incurred by the Group for the year ended 31 December 2017 were approximately RM58.34 million, representing an increase of approximately RM13.54 million as compared to the amount for the corresponding year ended 31 December 2016. Such increase was primarily due to the increase in average staff costs per staff per month of RM2,961 for the year ended 31 December 2016 to RM3,362 for the year ended 31 December 2017. The current ratio of the Group increased from 3.1 as at 31 December 2016 to 12.7 as at 31 December 2017 and the gearing ratio of the Group decreased from 19.9% as at 31 December 2016 to 1.2% as at 31 December 2017. The two ratios indicate that the Group preserved a stronger liquidity position during the year 31 December 2017, which is consistent with the business nature of the Group.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Prospect

The Group's strategic objective is to continue focusing on the following business strategies according to the details as disclosed in the section headed "Business — Our Business Strategies" on pages 92 to 99 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. The Group plans to penetrate the market of inbound contact services through sourcing clients from our existing clients of outbound contact services which are mainly financial institutions; 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 came 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 were tariffed, insurance companies were 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 result in insurance companies and takaful operators increasing 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 accessible and convenient to consumers.

## FINANCIAL REVIEW

### Revenue

	2017 RM'000	2016 RM'000
<b>Industry sector</b>		
Insurance	<b>73,668</b>	59,069
Banking and Financial	<b>6,410</b>	7,136
Telecommunications	–	713
Others	<b>5,591</b>	6,243
<b>Total</b>	<b>85,669</b>	73,161

For the year ended 31 December 2017, the Group recorded revenue of approximately RM85.67 million, representing an increase of approximately 17% as compared with approximately RM73.16 million for the year ended 31 December 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 workstation orders per month increased from 1,022 for the year ended 31 December 2016 to 1,172 for the year ended 31 December 2017. Revenue generated per workstation per month remained relatively stable for the years ended 31 December 2017 and 2016, which were RM6,091 and RM5,967 respectively.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income

For the year ended 31 December 2017, other income increased by approximately RM0.07 million or 10% compared to the year ended 31 December 2016, from approximately RM0.67 million to approximately RM0.74 million, primarily due to higher interest income from the pledged bank deposits.

## Other gains and losses

For the year ended 31 December 2017, other gains and losses decreased by approximately RM2.63 million compared to the year ended 31 December 2016, from gains of approximately RM0.16 million to losses of approximately RM2.47 million, primarily due to increase in unrealised foreign exchange loss.

## Staff costs

For the year ended 31 December 2017, staff costs increased by approximately RM13.54 million or 30% compared to the year ended 31 December 2016, from approximately RM44.80 million to approximately RM58.34 million. This was mainly due to the increase in average staff costs per staff per month of RM2,961 for the year ended 31 December 2016 to RM3,362 for the year ended 31 December 2017.

The monthly average number of staff increased from 1,261 for year ended 31 December 2016 to 1,446 for the year ended 31 December 2017. The increase was in tandem to the increase in the number of workstations ordered by our clients.

## Depreciation

For the year ended 31 December 2017, depreciation charges decreased by approximately RM0.01 million or 1% compared to the year ended 31 December 2016, from approximately RM1.34 million to approximately RM1.33 million. The decrease in depreciation charges was mainly due to increase in fully depreciated property, plant and equipment during the year.

## Other operating expenses

For the year ended 31 December 2017, other operating expenses increased by approximately RM5.44 million or 41% compared to the year ended 31 December 2016, from approximately RM13.29 million to approximately RM18.73 million. The increase was primarily due to (i) higher audit fee of approximately RM0.43 million, (ii) one-off donation of approximately RM0.57 million, (iii) higher consultancy and professional fees of approximately RM0.57 million and (iv) higher listing expenses incurred. Listing expenses increased by approximately RM3.83 million or 110% compared to the year ended 31 December 2016, from approximately RM3.47 million to approximately RM7.30 million.

## Finance costs

For the year ended 31 December 2017, finance costs increased by approximately RM0.03 million or 12% compared to the year ended 31 December 2016, from approximately RM0.25 million to approximately RM0.28 million. The increase was primarily due to increase in bank overdraft interest on higher utilisation of bank overdraft facilities to fund the listing expenses incurred during the year.

## Income tax expenses

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) on the estimated taxable profits for the year ended 31 December 2017.

One of our subsidiaries, Tele Response Sdn. Bhd., obtained a pioneer certificate from the Malaysian Investment Development Authority in 2011 and was entitled to tax exemption of its statutory income for a period of 5 years from 10 February 2010 to 9 February 2015, which was then renewed for a further 5 years from 10 February 2015 to 9 February 2020.

For the year ended 31 December 2017, income tax expenses increased by RM8,000, from approximately RM3,000 for the year ended 31 December 2016 to approximately RM11,000 for the year ended 31 December 2017.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Net profit and net profit margin

As a result of the above factors, the Group recorded a profit after tax of approximately RM5.26 million and RM14.32 million for the years ended 31 December 2017 and 2016 respectively. Net profit margin was approximately 6.1% and 19.5% for the years ended 31 December 2017 and 2016 respectively. The decrease in net profit margin by 13.4% was mainly due to the increase in other operating expenses as a result of the one-off listing expenses incurred for the preparation for the Listing during the year.

## USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 12 July 2017, the Company's shares were listed on the Main Board of the Stock Exchange. A total of 100,000,000 shares were issued to the public at HK\$1.38 per share for a total gross proceeds of HK\$138 million. The total net proceeds raised from the initial public offering of the Company were approximately HK\$109.7 million after the deduction of related listing expenses. The use of proceeds has been consistent with the disclosure in the prospectus of the Company dated 22 June 2017. Up to 31 December 2017, the respective use of the net proceeds is as follows:

<b>Intended applications</b>	<b>Actual net proceeds received</b> <i>RM'000</i>	<b>Amount utilised as at 31 December 2017</b> <i>RM'000</i>	<b>Amount unutilised as at 31 December 2017</b> <i>RM'000</i>
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	6,027	–
<b>Total</b>	<b>60,275</b>	<b>6,027</b>	<b>54,248</b>

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

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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 year ended 31 December 2017, the Group generated net cash inflow from operating activities of approximately RM2.82 million (2016: approximately RM13.04 million). The Group was able to repay its obligations when they became due. The Group did not experience any material difficulties in rolling over its banking facilities.

As at 31 December 2017, the Group's total equity and liabilities amounted to approximately RM80.09 million and RM7.35 million respectively (2016: approximately RM17.77 million and RM8.42 million respectively). The Group had an aggregate amount of current and non-current bank borrowings and finance lease obligations of approximately RM0.96 million (2016: approximately RM3.54 million), which were all denominated in Malaysian Ringgit. The Group's average annual interest rate for the bank overdrafts was 8.49% (2016: 8.60%) whereas the average effective annual interest rate for finance lease was 5.13% (2016: 5.12%).



# MANAGEMENT DISCUSSION AND ANALYSIS

## Summary of major Indicators in respect of the strength on the liquidity of the Group

	As at 31 December 2017	As at 31 December 2016
Current ratio	12.7	3.1
Gearing ratio (%)	1.2	19.9
Net current assets (RM'000)	77,052	15,902

The current ratio of the Group as at 31 December 2017 was 12.7, which represents an increase as compared to the ratio as at 31 December 2016. The increase was due to (i) an increase of approximately RM60 million in current assets and (ii) a decrease of approximately RM1 million in current liabilities.

The gearing ratio of the Group as at 31 December 2017 was 1.2%, which represents a decrease as compared to the ratio as at 31 December 2016. Gearing ratio was calculated based on the total debt divided by equity attributable to equity holders of the Company, and total debt is the sum of finance lease payables and borrowings. The decrease of gearing ratio was contributed by both an increase of approximately RM62 million in the equity attributable to equity holders of the Company and a decrease of approximately RM2 million in the borrowing in the form of bank overdrafts.

The net current assets of the Group increased from approximately RM16 million to approximately RM77 million from the year ended 31 December 2016 to the year ended 31 December 2017.

All of the above indicators indicate that the Group has a stronger liquidity position as at 31 December 2017 as compared to that as at 31 December 2016.

## PLEDGE OF ASSETS

As at 31 December 2017, the Group's bank borrowings, which were all denominated in Malaysian Ringgit, were secured by (i) the pledged bank deposits of approximately RM2.55 million (2016: approximately RM2.12 million), and (ii) corporate guarantees provided by the Company (2016: personal guarantees executed jointly and severally by the directors of the Company which were fully released).

## CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 31 December 2017.

## INTEREST RATE RISK

As at 31 December 2017, our Group's pledged bank deposits and finance lease payables bear interest at fixed interest rates and therefore are subject to fair value interest rate risk. Our Group's exposure to cash flow interest rate risk arises from its borrowings. These borrowings bear interests at variable rates that varied with the then prevailing market condition. The Directors believe that the Group does not have significant interest rate risk exposures.

## FOREIGN CURRENCY EXPOSURE

Apart from certain bank balances denominated in Hong Kong dollars, the Group has minimal exposure to foreign currency risk as most of the business transactions, assets and liabilities are principally denominated in the functional currencies of the Group, Malaysian Ringgit. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. Our management monitors our foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.



# MANAGEMENT DISCUSSION AND ANALYSIS

## HUMAN RESOURCES

For the year ended 31 December 2017, the Group's monthly average number of staff was 1,446 (2016: 1,261). Total staff costs incurred by the Group for the year ended 31 December 2017 were approximately RM58.34 million (2016: approximately RM44.80 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.

## CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities (2016: Nil).

## SIGNIFICANT INVESTMENTS

As at 31 December 2017, the Group did not hold any significant investments (2016: Nil).

## MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2017, save for the reorganisation of the Group in preparation of the Listing, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

## EVENTS AFTER THE REPORTING PERIOD

There had been no event subsequent to 31 December 2017 which requires adjustment to or disclosure in this annual report.



# DIRECTORS AND MANAGEMENT PROFILES

## DIRECTORS

### Executive Directors

**Mr. Ng Chee Wai**, aged 45, is the chairman of the Company (the “Chairman”) and an executive Director and is responsible for overseeing the business development of our Group; formulating overall business development strategy and soliciting new businesses.

In April 1995, Mr. Ng joined Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Bhd) and worked in direct marketing department before he left the said company in November 2008. During the said 13 years, Mr. Ng was responsible for business development and other marketing matters. After he left, Mr. Ng joined our Group in November 2011.

Mr. Ng obtained a Bachelor of International Business degree from Griffith University in September 1994.

**Mr. Lee Koon Yew**, aged 62, is an executive Director and the chief executive officer of our Group (the “Chief Executive Officer”). Mr. Lee is responsible for formulating the overall business strategy and planning; overseeing our Group’s performance and management.

Mr. Lee has more than 25 years of experiences in the insurance industry. During the period between 1981 and 1995, he worked in Hong Leong Assurance Berhad and his last position was assistant general manager responsible for the general management of the said company.

From September 1995 to December 2006, Mr. Lee became the Country Manager & Principal Officer of Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Bhd), responsible for the overall management of the said company. After working in the said company for 11 years, he joined Tahan Insurance Berhad as the chief executive officer and was responsible for the overall management of the said company. He then joined our Group in December 2009.

Mr. Lee was the chairman of Insurance Services Malaysia from 2005 to 2009. He was also the chairman of General Insurance Association of Malaysia (PIAM), the director of Malaysian Ratings Corp. Bhd. and the director of Malaysian Insurance Institute during the period from 2008 to 2009.

Mr. Lee obtained a Bachelor of Commerce degree from the University of Canterbury in May 1980.

**Mr. Kwan Kah Yew**, aged 49, is an executive Director and is responsible for formulating overall business development strategy and planning, overseeing our Group’s performance and financial management.

Mr. Kwan worked in various accounting firms as audit staff during the period between January 1994 and July 1998 responsible for reviewing and preparing the consolidated accounts and fund flow statements.

From July 1998 to July 2009, Mr. Kwan worked in Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Berhad) as Chief Financial Officer, responsible for management of financial-related matters of the Company. He joined our Group in June 2010.

Mr. Kwan has been a fellow of The Association of Chartered Certified Accountants since September 2002.

Mr. Kwan obtained a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman College in June 1993.



# DIRECTORS AND MANAGEMENT PROFILES

## Independent Non-executive Directors

**Mr. Lee Shu Sum Sam (李樹深)**, aged 42, is an independent non-executive Director.

Mr. Lee started his career in April 1994 as a customer service officer in Seapower Futures Limited, responsible for analysing and providing up-to-date market information of currency commodity and US stock market to customers. During the period between June 1996 and August 2005, Mr. Lee was the business analyst in The Hong Kong Jockey Club, responsible for overall project management. During the period between 2005 and 2010, Mr. Lee had worked in (i) The Hong Kong Broadband Network Limited as assistant IT manager, (ii) The Hong Kong International Terminals Limited as systems analyst and (iii) The Hong Kong Economic Times Limited as project manager.

Mr. Lee obtained a Bachelor of Information Technology from Griffith University in April 1994.

**Mr. Kow Chee Seng**, aged 49, is an independent non-executive Director.

Mr. Kow has more than 18 years of accounting experience. He was an auditor in Lim, Tay & Co. (林鄭會計公司) during the period between January 1994 and June 2005, responsible for auditing, taxation and accounting works. He then served as an accountant in Dolomite Industrial Park Sdn. Bhd. from December 2005 to August 2006, responsible for liaising with the auditor, ensuring compliance with internal control policies, preparing the accounts of the said company. Mr. Kow joined Bintai Kinden Corporation Berhad as the accountant in 2006, responsible for management of accounts, and treasury management. He became a partner of J&K Management Consultancy Services and worked there until April 2010, providing accounting and secretarial management consultancy services. In 2010, he founded C S Kow & Associates, providing audit, taxation, accounting and company secretarial services.

Mr. Kow became a fellow member of the Association of Chartered Certified Accountants in January 2004. He also became an approved company auditor licensed by the Ministry of Finance of Malaysia in 2010, and an approved tax agent licensed by the Ministry of Finance of Malaysia in 2014.

Mr. Kow obtained a Diploma in Commerce (Major in Financial Accounting) from College Tunku Abdul Rahman, Malaysia in July 1993.

**Mr. Chan Hoi Kuen Matthew (陳海權)**, aged 46, is an independent non-executive Director.

Mr. Chan is currently a career representative unit manager in AIA International Limited, responsible for serving clientele in respect of their insurance coverage and wealth management. Prior to joining AIA International Limited, Mr. Chan had worked in (i) Indover Bank (Asia) Limited as assistant vice president of the commercial banking department, (ii) Australia and New Zealand Banking Group Limited as Manager, (iii) Calyon Corporate and Investment Bank as manager in Ship Finance Department and (iv) DBS Bank (Hong Kong) Limited as senior relationship manager and (v) Indover Bank (Asia) Limited as vice president.

Mr. Chan is currently an independent non-executive director of CBK Holdings Limited (國茂控股有限公司), a company listed on GEM of the Stock Exchange (stock code: 8428).

Mr. Chan is a certified practising accountant since November 1997 and he became an associate of the Hong Kong Society of Accountants (currently known as "Hong Kong Institute of Certified Public Accountants") in February 2001.

Mr. Chan obtained a Bachelor of Commerce in Accounting and Finance from The University of New South Wales, Australia in October 1994 and a postgraduate diploma in Financial Policy from the University of London, United Kingdom through distance learning in December 1996.



# DIRECTORS AND MANAGEMENT PROFILES

## SENIOR MANAGEMENT

**Mr. Chang Siau Voon**, aged 42, is the chief financial officer (the “Chief Financial Officer”) of our Group, responsible for the financial management and accounting and reporting functions of our Group’s business.

Mr. Chang started his career in February 1999 and had worked in (i) Global Enterprise Sdn Bhd as Finance & Administration Officer, (ii) Maruzen Nihonbashi Sdn Bhd as Accounts Assistant, (iii) Deloitte Kassim Chan as Audit Semi Senior.

In January 2003, Mr. Chang joined AmAssurance Insurance Berhad as senior officer and was promoted to manager in April 2004. He worked in the said company until September 2007, mainly responsible for preparing its accounts. In September 2007, he joined Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Bhd) as assistant manager and was promoted as manager in January 2010 and worked in that position until October 2011, mainly responsible for overseeing the reporting section for accurate and timely submission of statutory reports assisting in the preparation of annual budget and monthly forecast and handling all reinsurance and treaty administration related matters. After that, he joined our Group in October 2011 as finance manager and was promoted to Chief Financial Officer in January 2014.

Mr. Chang is a member of Malaysian Institute of Accountants and a Certified Practising Accountant of CPA Australia since September 2009 and November 2004 respectively.

Mr. Chang obtained a Bachelor of Business degree from University of Technology, Sydney in June 1999.

**Mr. Wong Weng Yuen**, aged 46, is the operations director of our Group and is mainly responsible for operation and project management, productivity management and facilities management.

Mr. Wong worked in Diners Club (Malaysia) Sdn Bhd during the period between July 1995 and December 2005 and held the positions of accountant, manager of finance operations & special projects. He then joined International SOS (M) Sdn Bhd as a finance manager in January 2006 and worked in that company until March 2007 responsible for managing its finance operations. After that, he re-joined Diners Club (Malaysia) Sdn Bhd as a finance manager in April 2007 and subsequently promoted to assistant general manager in July 2011 and worked in that position until November 2013, responsible for the general management of the said company. Mr. Wong then joined our Group in December 2013 as operations director.

Mr. Wong is a fellow member of the Association of Chartered Certified Accountants since October 2004.

**Ms. Chai Pei Chen**, aged 44, is the senior account director of our Group and is mainly responsible for liaising with clients and their database owners on all matters related to the projects.

Ms. Chai worked in Pericon.com Sdn Bhd as an implementation consultant for Skillsoft.

Ms. Chai then joined Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Bhd) in June 2002, and held the positions of training executive, executive, direct marketing executive, assistant manager and her last position in the said company was manager in direct marketing, responsible for handling sales matters. After she left Chubb Insurance Malaysia Berhad in May 2009, she joined Hong Leong Assurance Berhad in May 2009 as manager in affinity business and alternative channels, responsible for client management. Ms. Chai then joined our Group in October 2010 as consultant, and subsequently promoted as account director and senior account director, and is mainly responsible for project management and liaising with clients and database owners on all matters related to the projects.

Ms. Chai obtained the Bachelor of Education from Chichester Institute of Higher Education (an accredited college of the University of Southampton), the United Kingdom in July 1998.



## DIRECTORS AND MANAGEMENT PROFILES

**Ms. Lim Soh Ting**, aged 36, is the senior account director of our Group and is mainly responsible for project management and liaising with clients and their database owners on all matters related to the projects.

Ms. Lim joined Teledirect Telecommerce Sdn Bhd as a telesales executive in October 2002 and held the positions of team leader, management trainee and her last position in Teledirect Telecommerce Sdn Bhd was project executive, responsible for project management and client management. After that, Ms. Lim left Teledirect Telecommerce Sdn Bhd in February 2008, and joined Hewlett Packard Corporation Berhad in March 2008 as an inside sales supervisor, responsible for managing inside sales team of the said company. Ms. Lim then joined our Group in April 2011 as Campaign Manager and was promoted to senior account director in January 2016.

Ms. Lim obtained a life insurance agent certificate from the Malaysian Insurance Institute in September 2004.

**Mr. Woo Kai Meng**, aged 43, is the Head of Information Technology of our Group, responsible for overseeing the operation and management of information technology of our Group.

Mr. Woo has more than 15 years of experience in information technology operations. Prior to joining the Group, In September 2001, Mr. Woo served as a senior executive in Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Berhad) and was promoted as an assistant manager in September 2007, responsible for project management. After that, Mr. Woo joined our Group in April 2010 as the head of information technology.

### JOINT COMPANY SECRETARIES

**Mr. Siu Chun Pong, Raymond (蕭鎮邦)**, aged 38, is a joint company secretary of the Company. Mr. Siu has been a practising solicitor of The High Court of Hong Kong since 2005. Mr. Siu has over 13 years of experience in corporate finance and regulatory compliance. He is now the principal of Raymond Siu & Lawyers. Prior to setting up and running his own solicitors firm, he was a partner of F. Zimmern & Co., Solicitors & Notaries. Mr. Siu graduated from The University of Hong Kong with a Bachelor of Laws degree and University College London with a Master of Laws degree.

**Mr. Wong Weng Yuen** is another joint company secretary of the Company. Mr. Wong is also the Operations Director of the Group. For further details of Mr. Wong's biography, please refer to the paragraph headed "Senior Management" above.



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The board (the “Board”) of directors (the “Directors”) and management of the Company are committed to achieving and maintaining high standards of corporate governance to enhance corporate performance, transparency and accountability through a set of corporate governance principles and practices.

The Company’s corporate governance practices are based on the code provision as set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Directors are of the opinion that, since the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 July 2017, the Company has complied with the code provisions as set out in the CG Code for the year ended 31 December 2017, save and except code provision C2.5 of the CG Code, details of which are set out in the paragraph headed “Risk Management, Internal Control and Their Effectiveness” of this section.

The Company’s corporate governance structure includes the Board and three board committees under the Board, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board stipulates the terms of reference of all Board committees and specifies therein clearly the powers and responsibilities of the Board committees.

## THE BOARD

The Board plays a central supporting and supervisory role in the Group and is responsible for promoting the success of the Group by directing and supervising its affairs in a responsible and effective manner.

The Board oversees the management of the Company and decides on important matters, including but not limited to the approval of the overall business strategies and policies, business development, risk management, annual budgets, financial results, investment proposals, major acquisition, disposals and capital transactions, internal control, material funding decisions and major commitments relating to the Group’s operations. The Board is required to make decision in the best interest of the Company and its shareholders as a whole and the Directors are also required to fulfil their directors’ duties and fiduciary duties.

Decisions on the Group’s day-to-day management and operations of the Company are delegated to the management of the Group. This delegation of authority includes responsibility for operating the Group’s businesses within the parameters set by the Board, keeping the Board informed of material developments of the Group’s businesses, identifying and managing operation and other risks and implementing the policies and processes approved by the Board.

## BOARD COMPOSITION

Since the listing of the shares of the Company on the Stock Exchange on 12 July 2017, the Board has comprised six members, including three executive Directors, namely Mr. Ng Chee Wai (Chairman), Mr. Lee Koon Yew and Mr. Kwan Kah Yew and three independent non-executive Directors, namely Mr. Lee Shu Sum Sam, Mr. Kow Chee Seng and Mr. Chan Hoi Kuen Matthew. Other than being members of the Board, there is no other relationship between the members of the Board. The Board believes that the composition of executive and non-executive Directors is reasonable and adequate to provide sufficient checks and balances that serve to safeguard the interests of the Company and its shareholders as a whole.

Each Director has different professional qualifications, knowledge, skills, industry experience and expertise, which enable each of them to make valuable and diversified contribution and guidance to the Group’s business development and operations. The Directors’ biographical details are set out in the section headed “Directors and Management Profiles” to this report.



# CORPORATE GOVERNANCE REPORT

## **BOARD COMPOSITION** *(continued)*

During the year ended 31 December 2017, the Board had at all times met the relevant requirements under the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing not less than one-third of the Board), with at least one independent non-executive Director possessing appropriate accounting and related financial management expertise. The independence of the independent non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. The Company has received from each of the independent non-executive Directors a confirmation of independence in accordance with Rule 3.13 of the Listing Rules and the Company is of the view that all independent non-executive Directors meet the independence guidelines and are independent in accordance with the relevant rules and requirements.

The Nomination Committee has reviewed the Board's structure, size, diversity and composition to ensure that it has a balance of expertise, skills, independence and experience appropriate to the requirements of the Group's business development and operations.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The roles of our Chairman and Chief Executive Officer are separated and are not performed by the same individual. During the year under review, Mr. Ng Chee Wai served as the Chairman of the Board who took a leading role in the day-to-day management and is responsible for the effective functioning of the Board. He was also responsible for the overall strategic development of the Group. Mr. Lee Koon Yew acted as the Chief Executive Officer of the Company and was responsible for managing the Group's overall daily operations. The Group's senior management team was responsible for implementation of business strategies and management of the day-to-day operations of the Group's business.

## **APPOINTMENT, RE-ELECTION AND REMOVAL**

The appointment, re-election and removal of Directors are governed by the articles of association of the Company (the "Articles of Association"). The Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board.

The Nomination Committee will make recommendations to the Board on the appointment of Directors and senior management. Potential new directors are selected on the basis of their qualifications, skills and experience that the Directors consider will make a positive contribution to the performance and diversity of the Board.

At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire by rotation in accordance with the Company's Articles of Association.

Each of the non-executive Directors was appointed for a term of three years subject to retirement by rotation at the annual general meetings of the Company.



# CORPORATE GOVERNANCE REPORT

## NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

The Company was listed on the Main Board of the Stock Exchange on 12 July 2017. During the year ended 31 December 2017, two Board meetings were held. Notice of regular Board meetings is given to all Directors at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before the regular Board meeting (and so far as practicable for such other Board meetings) to ensure that the Directors would have sufficient time and attention to the affairs of the Company. Their individual attendance of the two Board meetings was as follows:

Mr. Ng Chee Wai	(2/2)
Mr. Lee Koon Yew	(2/2)
Mr. Kwan Kah Yew	(2/2)
Mr. Lee Shu Sum Sam	(2/2)
Mr. Kow Chee Seng	(2/2)
Mr. Chan Hoi Kuen Matthew	(2/2)

Since the listing of the shares of the Company on the Stock Exchange on 12 July 2017, no general meeting was held.

## PRACTICES AND CONDUCT OF MEETINGS OF THE BOARD AND BOARD COMMITTEES

The joint company secretaries are responsible for ensuring the proper convening and conducting of the Board and Board committee meetings, with relevant notices, agenda and all relevant Board and board committee papers being provided to the Directors and board committee members in a timely manner before the meetings.

The joint company secretaries are responsible for keeping minutes of all meetings of the Board and Board committees. Board and Board committee minutes are available for inspection by Directors and Board committee members. All Directors have direct access to the joint company secretaries who are responsible for advising the Board on corporate governance and compliance issues.

Each Director is required to make disclosure of his interests or potential conflicts of interests, if any, in any proposed transactions or issues discussed by Directors at the Board and board committees' meetings. Any Director shall not vote on any resolution of the Board and board committees approving any contract or arrangement or any other proposal in which he (or his associates) is materially interested nor shall he be counted in the quorum present at the meeting.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code since the listing of the shares of the Company on the Stock Exchange on 12 July 2017. The Company will from time to time reiterate and provide reminders to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to Directors' dealings in securities.



# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT AND AUDITOR'S REMUNERATION

The Directors acknowledge their responsibility for the preparation of the financial statements which give a true and fair presentation of the state of affairs of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017. This responsibility has also been mentioned in the Independent Auditor's Report on pages 29 to 32 of this annual report.

In preparing the financial statements for the year ended 31 December 2017, the Board (a) adopted all applicable accounting and financial reporting standards, including but not limited to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants; (b) selected suitable accounting policies and applied them consistently; (c) made prudent and reasonable judgements and estimates; and (d) ensured that the financial statements were prepared on a going concern basis.

The Directors are also responsible for ensuring timely publication of the Group's financial statements. The Company aims to present a clear, balanced and understandable assessment of the Group's performance and position through all its publications and communications to the public and is aware of the requirements under the applicable rules and regulations about timely disclosure of inside information. The interim results of the Group for the six months ended 30 June 2017 were published within 2 months after the end of the relevant period to provide stakeholders with transparent and timely financial information of the Group.

The statement by the auditor of the Company about their reporting responsibilities on the consolidated financial statement of the Group is set out on pages 31 to 32 of this annual report. The auditor of the Company, RSM Hong Kong and other network firm, received approximately (i) RM0.45 million for the provision of audit services rendered during the year ended 31 December 2017, (ii) RM0.12 million for the provision of interim financial review services and (iii) RM0.01 million for the provision of taxation services rendered by the auditor of the Company during the year.

## RISK MANAGEMENT, INTERNAL CONTROL AND THEIR EFFECTIVENESS

The Board has the overall responsibility for maintaining sound and effective internal controls and risk management for the Group to safeguard the interests of its stakeholders and the assets of the Group at all times. In this connection, an internal control and risk management system has been established to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage or mitigate rather than eliminate risks of failure to achieve the Group's business objectives.

The Board is responsible for, at least annually, conducting reviews of the adequacy and effectiveness of the Group's internal control and risk management system, and making recommendations to the relevant department management for necessary actions.

During the year ended 31 December 2017, the Board had conducted reviews on the effectiveness of the internal control and risk management system covering all material factors related to financial, operational, compliance controls, various functions for risk management and information security.

The Company does not have an internal audit function as the Board presently considers that the size, nature and complexity of the Group's business does not require such function. The Board reviews and will continue to review the need to set up an independent internal audit function on an annual basis. At current stage, our finance team assumes the responsibility for conducting regular review of internal control procedures. Although this arrangement can be improved, the Board is not concerned with the lack of segregation of duties having assumed the current organizational structure, lines of responsibility and authority of the management team and the risks associated with the operations of the Group. The Board considers that the internal control and risk management system is effective during the year under review.



# CORPORATE GOVERNANCE REPORT

## CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been informed of the requirement under the code provision A.6.5 of the CG Code regarding the continuous professional development. During the year ended 31 December 2017, all of our Directors participated in continuous professional development in the form of in-house training, seminars or other appropriate courses: (i) to keep them refreshed of their knowledge, skill and understanding of the operation and business of the Group; (ii) to ensure each individual Director is fully aware of his/her duties and responsibilities as a director under applicable rules and requirements and (iii) to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices.

## BOARD COMMITTEES

During the year ended 31 December 2017, there were three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee with specific terms of references to assist the Board in discharging its responsibilities.

### Audit Committee

Since the listing of the shares of the Company on the Stock Exchange on 12 July 2017, the Audit Committee comprises three independent non-executive Directors, namely Mr. Kow Chee Seng, Mr. Chan Hoi Kuen Matthew and Mr. Lee Shu Sum Sam. The Audit Committee is chaired by Mr. Kow Chee Seng, who is a certified public accountant. The principal functions of the Audit Committee are to review and supervise the Group's financial reporting processes and internal control and risk management system.

During the year ended 31 December 2017, the Audit Committee reviewed the Group's interim accounts and the effectiveness of internal control and risk management system. The Audit Committee had performed the following works:

- (a) reviewed the financial reports for the six months ended 30 June 2017;
- (b) reviewed the accounting principles and practices adopted by the Group and ensured the compliance with the relevant accounting standards, the Listing Rules and other statutory requirements; and
- (c) reviewed the effectiveness of the internal control and risk management system.

During the year ended 31 December 2017, one Audit Committee meeting was held. The individual attendance of its members is as follows:

Mr. Kow Chee Seng	(1/1)
Mr. Chan Hoi Kuen Matthew	(1/1)
Mr. Lee Shu Sum Sam	(1/1)

### Remuneration Committee

During the year ended 31 December 2017, the Remuneration Committee comprises an executive Director, Mr. Lee Koon Yew; and three independent non-executive Directors, Mr. Chan Hoi Kuen Matthew, Mr. Kow Chee Seng and Mr. Lee Shu Sum Sam. The Remuneration Committee is chaired by Mr. Chan Hoi Kuen Matthew.

The principal functions of the Remuneration Committee are (i) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management in order to retain and attract talents to manage the Group effectively; (ii) to determine, with the delegated responsibility, the specific remuneration packages of all executive Directors and senior management; (iii) to assess the performance of the executive Directors; and (iv) to approve the terms of the service contracts of the executive Directors. The Directors and their associates do not participate in the decisions in relation to their own remuneration.

During the year ended 31 December 2017, no Remuneration Committee meeting was held. The Remuneration Committee will meet as and when required.



# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(continued)*

### **Nomination Committee**

During the year ended 31 December 2017, the Nomination Committee comprises an executive Director, Mr. Kwan Kah Yew and three independent non-executive Directors, Mr. Lee Shu Sum Sam, Mr. Kow Chee Seng and Mr. Chan Hoi Kuen Matthew. The Nomination Committee is chaired by Mr. Lee Shu Sum Sam.

The principal functions of the Nomination Committee are to determine the policy for the nomination of Directors, to review the structure of the Board, to assess the independence of the independent non-executive Directors and to make recommendations on relevant matters relating to the appointment or re-appointment of Directors.

During the year ended 31 December 2017, no Nomination Committee meeting was held. The Nomination Committee will meet as and when required.

## **CORPORATE GOVERNANCE FUNCTION**

The Board is responsible for the corporate governance matters of the Company. The Board has established its terms of reference, pursuant to which the duties of the Board include, inter alia, (i) to develop, review and implement the policies and practices of the Company on corporate governance; (ii) to review, monitor and implement the policies and practices of the Company on compliance with legal and regulatory requirements; (iii) to review, monitor and implement the training and continuous professional development of the Directors and senior management of the Group; (iv) to develop, review, monitor and implement the code of conduct and compliance manual (if any) applicable to Directors and employees; and (v) to review and implement the compliance with the CG Code and disclosure in the Corporate Governance Report.

## **JOINT COMPANY SECRETARIES**

During the period between 12 July 2017 and 31 December 2017, the joint company secretaries were Mr. Yau Chung Hang and Mr. Wong Weng Yuen. The joint company secretaries took no less than 15 hours of relevant professional training during the year ended 31 December 2017 as required by the Listing Rules.

On 5 February 2018, due to his own career commitment, Mr. Yan Chung Hang resigned as a joint company secretary and Mr. Siu Chun Pong Raymond was appointed as a joint company secretary.

## **COMMITMENT TO TRANSPARENCY**

The Board puts emphasis on creating and maintaining a high level of transparency through timely disclosure of relevant information on the Group's business and activities to shareholders, investors, media and investment public through various channels including the Company's annual general meeting, analysts' briefings, the announcements of the annual and interim results, press releases, timely update of the Company's website as well as the availability of designated investor relationship agent to handle enquiries. The executive Directors and senior management, who together oversee our business operations, are committed to responding to enquiries from regulators, shareholders, investors and business partners.



# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company regards high quality reporting as an essential element in building successful relationships with its shareholders. The Company always seeks to provide relevant information to existing and potential investors, not only to comply with the various requirements in force but also to enhance transparency and communications with shareholders and the investing public. The Company is committed to ensuring that all shareholders and potential investors have equal opportunities to receive and obtain publicly available information that is released by the Group. Regular disclosures about important issues, including performance, fundamental business strategy, governance and risk management are disseminated through various channels such as:

- the Company's annual general meeting
- analysts' briefings
- the announcements of annual and interim results
- timely updates of the Group's information on the websites of the Company and the Stock Exchange
- meetings with shareholders and the investing public
- prompt press releases and announcements regarding major corporate actions and business initiatives

The Company maintains a website at [www.unitedteleservice.com](http://www.unitedteleservice.com) where the Company's announcements, circulars, notices, financial reports, business developments, press releases and other information are posted. Shareholders are encouraged to access corporate communication from the Company through its website.

## AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2017, the Company has amended its Articles of Association in preparation of the listing of its shares on the Stock Exchange.

## SHAREHOLDERS' RIGHTS

### Convening extraordinary general meeting and putting forward proposals at Shareholders' meetings

Any one or more shareholder(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the joint company secretaries of the Company at Unit 1802, 18/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Enquiries to the Board

We always welcome Shareholders' view and input. Shareholders and other stakeholders may at any time address their concerns to the joint company secretaries, Mr. Wong Weng Yuen, by mail, facsimile or email. The contact details are as follows:

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

Facsimile no.: (603) 2031 9618

Email: [info@unitedteleservice.com](mailto:info@unitedteleservice.com)



# DIRECTORS' REPORT

The Directors are pleased to present the 2017 annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The Group is principally engaged in provision of 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.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are set out in note 34 to the consolidated financial statements.

## BUSINESS REVIEW

For the review of the business of the Group, principal risks and uncertainties, compliance with laws and regulations, environmental policies and performance, relationship with employees, clients and suppliers, please refer to the section headed "Management Discussion and Analysis" on pages 4 to 10 of this report.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 33.

The interim dividend of RM2 cents per ordinary share was paid on 16 October 2017.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017.

## DONATION

Charitable and other donations made by the Group during the year amounted to approximately RM569,000.

## SHARES ISSUED DURING THE YEAR

Details of the shares issued during the year ended 31 December 2017 are set out in note 26 to the consolidated financial statements.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 78 of the annual report. This summary is for information only and does not form part of the audited consolidated financial statements.



# DIRECTORS' REPORT

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the period between 12 July 2017 and 31 December 2017, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

## **DISTRIBUTABLE RESERVES**

As at 31 December 2017, the Company's reserves available for distribution to shareholders amounted to approximately RM68 million.

## **DIRECTORS**

The Directors during the year and up to the date of this report were:

### **Executive Directors**

Mr. Ng Chee Wai  
Mr. Lee Koon Yew  
Mr. Kwan Kah Yew

### **Independent Non-Executive Directors**

Mr. Lee Shu Sum Sam (appointed on 14 June 2017)  
Mr. Kow Chee Seng (appointed on 14 June 2017)  
Mr. Chan Hoi Kuen Matthew (appointed on 14 June 2017)

Biographical details of the Directors are set out in the section headed "Directors and Management Profiles" on pages 11 to 12 of this report.

According to Article 84(1) of the Articles of Association of the Company, Mr. Lee Koon Yew and Mr. Kwan Kah Yew will retire by rotation and, being eligible, will offer themselves for re-election.

According to Article 83(3) of the Articles of Association of the Company, Mr. Lee Shu Sum Sam, Mr. Kow Chee Seng and Mr. Chan Hoi Kuen Matthew shall hold office only until the forthcoming annual general meeting of the Company and shall then be eligible for re-election at that meeting.

## **DIRECTORS' SERVICE CONTRACTS**

No Director proposed for re-election at the forthcoming annual general meeting has a contract of service which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).



# DIRECTORS' REPORT

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

As at 31 December 2017, 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 position in the shares of the Company ("Shares")

Name of Director	Capacity/Nature of interest	Number of Shares	Percentage of the issued share capital
Mr. Ng Chee Wai	Interest in controlled corporation (Note 1)	180,000,000	45.00
Mr. Lee Koon Yew	Interest in controlled corporation (Note 2)	66,000,000	16.50
Mr. Kwan Kah Yew	Interest in controlled corporation (Note 3)	54,000,000	13.50

Notes:

1. The 180,000,000 Shares were held by Marketing Intellect (UTS) Limited, a company incorporated in the BVI and is wholly-owned by Mr. Ng Chee Wai. Mr. Ng is deemed to be interested in the Shares held by Marketing Intellect (UTS) Limited under the SFO.
2. The 66,000,000 Shares were held by Marketing Talent (UTS) Limited, a company incorporated in the BVI and is wholly-owned by Mr. Lee Koon Yew. Mr. Lee is deemed to be interested in the Shares held by Marketing Talent (UTS) Limited under the SFO.
3. The 54,000,000 Shares were held by Marketing Wisdom (UTS) Limited, a company incorporated in the BVI and is wholly-owned by Mr. Kwan Kah Yew. Mr. Kwan is deemed to be interested in the Shares held by Marketing Wisdom (UTS) Limited under the SFO.

Save as disclosed above, as at 31 December 2017, 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.



# DIRECTORS' REPORT

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2017, 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 Shares

Name	Nature of interest	Number of Shares	Percentage of the issued share capital
Marketing Intellect (UTS) Limited	Beneficial owner (Note 1)	180,000,000	45.00
Ms. Cheong Wai Mun	Interest of spouse (Note 2)	180,000,000	45.00
Marketing Wisdom (UTS) Limited	Beneficial owner (Note 3)	66,000,000	16.50
Ms. Teh Swee Lee	Interest of spouse (Note 4)	66,000,000	16.50
Marketing Talent (UTS) Limited	Beneficial owner (Note 5)	54,000,000	13.50
Ms. Sun Bee Wah	Interest of spouse (Note 6)	54,000,000	13.50

Note:

1. Marketing Intellect (UTS) Limited is wholly-owned by Mr. Ng Chee Wai.
2. Ms. Cheong Wai Mun is the spouse of Mr. Ng Chee Wai.
3. Marketing Talent (UTS) Limited is wholly-owned by Mr. Lee Koon Yew.
4. Ms. Teh Swee Lee is the spouse of Mr. Lee Koon Yew.
5. Marketing Wisdom (UTS) Limited is wholly-owned by Mr. Kwan Kah Yew.
6. Ms. Sun Bee Wah is the spouse of Mr. Kwan Kah Yew.

Save as disclosed above, as at 31 December 2017, 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.



# DIRECTORS' REPORT

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save and except the Share Option Scheme (as defined below), at no time during the year was the Company, its controlling shareholders, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company, its controlling shareholders, or subsidiaries was party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' PERMITTED INDEMNITY PROVISION

According to the Articles of Association of the Company, the Directors for the time being shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices.

According to Article 164(1) of the Articles of Association of the Company, the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses for acts done, concurred in or omitted in when discharging their duties in the affairs of the Company, other than any matter in respect of any fraud or dishonesty.

The Company has taken up appropriate insurance cover in respect of legal action against the Directors as at 31 December 2017.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 June 2017 and became effective from 12 July 2017. No option has been granted, exercised, cancelled or lapsed during the period between 12 July 2017 and 31 December 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.



# DIRECTORS' REPORT

## SHARE OPTION SCHEME *(continued)*

The total number of Shares available for issue under the Share Option Scheme is 40,000,000, representing 10% of the entire issued shares as at the date of this report. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. There is no minimum period stipulated under the Share Option Scheme for which an option must be held before it can be exercised. An offer of grant of an option shall remain open for acceptance by the Eligible Participants concerned by such period as determined by the Board, which period shall not be more than 14 days from the date of the offer. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. The Share Option Scheme shall be valid for a period of 10 years commencing from 14 June 2017 and will expire on 13 June 2027.

## 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 12 July 2017 and up to the date of this annual 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 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, save and except code provision C2.5 of the CG Code, details of which are set out in the paragraph headed "Risk Management, Internal Control and Their Effectiveness" of the section headed "Corporate Governance Report" to this annual report.

## 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), Mr. Lee Shu Sum Sam and Mr. Chan Hoi Kuen Matthew.

The annual results of the Company for the year ended 31 December 2017 have been reviewed by the Audit Committee.

## DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

There is no transaction which falls within the disclosure requirements under Rules 13.18 and 13.21 of the Listing Rules.

## DEED OF NON-COMPETITION

Pursuant to a deed of non-competition dated 14 June 2017 (the "Deed of Non-Competition") executed by Mr. Ng Chee Wai and Marketing Intellect (UTS) Limited, the controlling shareholders of the Company (collectively referred to as the "Covenantors") in favour of the Company, the Covenantors have given certain undertakings that, inter alia, they will not engage in any business which is in competition of the Group (collectively, the "Undertakings").

The Covenantors have made an annual declaration confirming that they have fully complied with the Undertakings (as defined in the Prospectus). The independent non-executive Directors have also reviewed as to whether the Covenantors have fully complied with the Undertakings during the year and they are satisfied that the Covenantors were in full compliance with the same.



# DIRECTORS' REPORT

## EMOLUMENT POLICY

The emolument policy for the employees of the Group is stipulated by the Directors on the basis of the employees' individual performance, qualifications and competence.

The emoluments of the Directors are determined by the Remuneration Committee of the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales to the Group's five largest customers accounted for approximately 69% of the Group's total revenue and sales to the Group's largest customer was approximately 21% of the Group's total revenue.

During the year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 42% of the Group's total operating expenses, and the purchases attributable to the Group's largest supplier was approximately 12% of the Group's total operating expenses.

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had interests in the Group's five largest customers or suppliers.

## MANAGEMENT CONTRACTS

Other than Directors' service contracts and professional retainer contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the shares of the Company.

## SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information publicly available to the Company, there was sufficient public float as required by the Listing Rules throughout the year ended 31 December 2017.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the Companies Law of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## AUDITORS

A resolution to re-appoint RSM Hong Kong as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Ng Chee Wai**  
*Chairman*

26 March 2018



# INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF  
UTS MARKETING SOLUTIONS HOLDINGS LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of UTS Marketing Solutions Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 33 to 77, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is impairment assessment of trade receivables.



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(continued)*

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### **Impairment assessment of trade receivables**

Refer to note 18 to the consolidated financial statements

As at 31 December 2017, the carrying amount of trade receivables was approximately RM22,245,000 which represented 27.8% of the Group's net assets.

Significant management judgement is required to assess the recoverability of trade receivables. Management assesses the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required.

Disclosures in relation to the trade receivables are included in notes 4, 5 and 18 to the financial statements.

Our audit procedures in relation to the recoverability of trade receivables include the following:

- verified the balances of trade receivables by requesting and receiving confirmations from customers on a sample basis;
- tested the aging of trade receivable balances at year end on a sample basis;
- assessed the recoverability of material and/or aged trade receivables through our discussion with management and review of payment history; and
- assessed the recoverability of the balances by comparing the outstanding amounts as at year end against subsequent settlements.

## OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.



# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tsang Kit Fong, Maria.

### **RSM Hong Kong**

*Certified Public Accountants*

29th Floor

Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

26 March 2018



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
<b>Revenue</b>	7	<b>85,669</b>	73,161
Other income	8	<b>744</b>	671
Other gains and losses	9	<b>(2,465)</b>	163
Staff costs		<b>(58,341)</b>	(44,795)
Depreciation		<b>(1,331)</b>	(1,343)
Other operating expenses		<b>(18,730)</b>	(13,291)
<b>Profit from operations</b>		<b>5,546</b>	14,566
Finance costs	11	<b>(278)</b>	(248)
<b>Profit before tax</b>		<b>5,268</b>	14,318
Income tax expenses	12	<b>(11)</b>	(3)
<b>Profit and total comprehensive income for the year</b>	13	<b>5,257</b>	14,315
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<b>5,257</b>	14,302
Non-controlling interests		<b>–</b>	13
		<b>5,257</b>	14,315
<b>Earnings per share</b>			
Basic	16(a)	<b>RM1.51 cents</b>	RM4.77 cents
Diluted	16(b)	<b>N/A</b>	N/A



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 RM'000	2016 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	17	3,819	2,823
<b>Current assets</b>			
Trade receivables	18	22,245	15,425
Other receivables	19	1,401	3,034
Tax recoverable		71	132
Pledged bank deposits	20	2,552	2,121
Bank and cash balances	20	57,352	2,653
		<b>83,621</b>	23,365
<b>Current liabilities</b>			
Accruals and other payables	21	6,396	4,877
Finance lease payables	22	173	163
Borrowings	23	–	2,423
		<b>6,569</b>	7,463
<b>Net current assets</b>		<b>77,052</b>	15,902
<b>Total assets less current liabilities</b>		<b>80,871</b>	18,725
<b>Non-current liabilities</b>			
Finance lease payables	22	782	955
<b>NET ASSETS</b>		<b>80,089</b>	17,770
<b>Capital and reserves</b>			
Share capital	26	2,199	250
Reserves		77,890	17,520
<b>TOTAL EQUITY</b>		<b>80,089</b>	17,770

Approved by the Board of Directors on 26 March 2018 and signed on its behalf by:

Ng Chee Wai

Lee Koon Yew



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium account RM'000	Merger reserve RM'000	Retained profits RM'000			
	As at 1 January 2016	250	–	–			
Total comprehensive income for the year	–	–	–	14,302	14,302	13	14,315
Disposal of subsidiaries (note 30(a))	–	–	–	–	–	8	8
Dividend paid (note 15)	–	–	–	(12,300)	(12,300)	–	(12,300)
Changes in equity for the year	–	–	–	2,002	2,002	21	2,023
As at 31 December 2016 and 1 January 2017	250	–	–	17,520	17,770	–	17,770
Total comprehensive income for the year	–	–	–	<b>5,257</b>	<b>5,257</b>	–	<b>5,257</b>
Issue of ordinary shares pursuant to the Reorganisation (note 26(c))	–*	–	–	–	–*	–	–*
Effect from group reorganisation	<b>(250)</b>	–	<b>250</b>	–	–	–	–
Share capitalisation (note 26(e))	<b>1,649</b>	<b>(1,649)</b>	–	–	–	–	–
Issue of new shares pursuant to public offer (note 26(f))	<b>550</b>	<b>75,324</b>	–	–	<b>75,874</b>	–	<b>75,874</b>
Cost of issuing new shares pursuant to public offer	–	<b>(5,812)</b>	–	–	<b>(5,812)</b>	–	<b>(5,812)</b>
Dividend paid (note 15)	–	–	–	<b>(13,000)</b>	<b>(13,000)</b>	–	<b>(13,000)</b>
Changes in equity for the year	<b>1,949</b>	<b>67,863</b>	<b>250</b>	<b>(7,743)</b>	<b>62,319</b>	–	<b>62,319</b>
As at 31 December 2017	<b>2,199</b>	<b>67,863</b>	<b>250</b>	<b>9,777</b>	<b>80,089</b>	–	<b>80,089</b>

\* Represents the amount less than RM1,000.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>5,268</b>	14,318
Adjustments for:			
Depreciation		<b>1,331</b>	1,343
Finance costs		<b>278</b>	248
Interest income		<b>(76)</b>	(28)
Gain on disposal of property, plant and equipment		<b>(86)</b>	(3)
Gain on disposal of subsidiaries		<b>–</b>	(77)
Other payables written back		<b>(79)</b>	(83)
Operating profit before working capital changes		<b>6,636</b>	15,718
Increase in trade receivables		<b>(6,820)</b>	(606)
Decrease/(increase) in other receivables		<b>1,633</b>	(2,281)
Increase/(decrease) in accruals and other payables		<b>1,598</b>	(120)
Cash generated from operations		<b>3,047</b>	12,711
Finance lease charges paid		<b>(54)</b>	(45)
Interest paid		<b>(224)</b>	(203)
Income taxes refunded		<b>50</b>	574
Net cash generated from operating activities		<b>2,819</b>	13,037
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in pledged bank deposits		<b>(431)</b>	(1,268)
Purchases of property, plant and equipment		<b>(2,405)</b>	(582)
Interest received		<b>76</b>	28
Proceeds from disposal of property, plant and equipment		<b>164</b>	416
Disposal of subsidiaries	30(a)	<b>–</b>	(11)
Net cash used in investing activities		<b>(2,596)</b>	(1,417)



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

Note	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shares issued under public offer	75,874	–
Cost of issuing new shares pursuant to public offer	(5,812)	–
Repayment of finance lease payables	(163)	(825)
Dividend paid	(13,000)	(12,300)
Net cash generated from/(used in) financing activities	56,899	(13,125)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>57,122</b>	<b>(1,505)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>230</b>	<b>1,735</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>57,352</b>	<b>230</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	57,352	2,653
Bank overdrafts	–	(2,423)
	<b>57,352</b>	<b>230</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 23 August 2016. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business registered in Hong Kong is Unit 1802, 18/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong. The headquarters and principal place of business of the Group is at Tingkat 10, Bangunan KWSP, No. 3, Changkat Raja Chulan, 50200 Kuala Lumpur, Malaysia.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 34 to the consolidated financial statements (the "Business").

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

## 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 Marketing Intellect (UTS) Limited ("Marketing UTS") and Mr. Ng Chee Wai is the ultimate controlling party of Marketing UTS.

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 consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

### (a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of the amendments on the Group's consolidated financial statements has been the inclusion of additional disclosures in note 30(c).

### (b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

### (b) New and revised HKFRSs in issue but not yet effective (continued)

#### HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

#### (a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised costs, fair value through profit or loss and fair value through other comprehensive income. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Based on the preliminary assessment, the Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. The Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurement upon the adoption of HKFRS 9.

#### (b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets.

Based on historical experience of the Group, the default rate of the outstanding balances with customers is low. Hence, the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group's future consolidated financial statements. The above assessments were made based on an analysis of the Group's financial assets as at 31 December 2017 on the basis of the facts and circumstances that existed at that date.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

### (b) New and revised HKFRSs in issue but not yet effective (continued)

#### HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

#### (a) Timing of revenue recognition

Currently, revenue arising from the provision of telemarketing services is recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group is currently evaluating the impact of adoption of HKFRS 15. Based on the preliminary assessment that the Group recognises revenue from provision of telemarketing services when services are rendered, which is generally consistent with the requirement under HKFRS 15, thus the Group considers that the initial application of HKFRS 15 will not have a significant impact on the Group's results of operation and financial position.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

### (b) New and revised HKFRSs in issue but not yet effective (continued)

#### HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 31, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to RM3,366,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

#### HK(IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (a) Consolidation *(continued)*

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Malaysian Ringgit ("RM"), which is the Company's functional and presentation currency.

#### (ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	10%
Computer and office equipment	10%–50%
Tele-communication equipment	20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### (d) Leases

#### The Group as lessee

#### (i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

#### (ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Leases *(continued)*

#### The Group as lessor

##### (i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### (e) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

### (f) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank and cash balances are classified in this category.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (g) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

### (h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

### (i) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### (j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### (k) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair value and are subsequently measured at the higher of:

- the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (l) Other payables

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (m) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### (n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from telemarketing services is recognised as services are rendered, generally based on the negotiated monthly services fees as set out in the service arrangement and the number of days worked during the period.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

### (o) Employee benefits

#### (i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

#### (iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **(p) Share-based payments**

The Group issues equity-settled share-based payments to certain directors, employees and consultants. Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

### **(q) Borrowing costs**

The borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **(r) Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **(r) Taxation** *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### **(s) Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (t) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

### (u) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **(u) Related parties** *(continued)*

- (B) An entity is related to the Group if any of the following conditions applies: *(continued)*
- (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
  - (vi) The entity is controlled or jointly controlled by a person identified in (A);
  - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### **(v) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### **(w) Events after the reporting period**

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

### **(x) Dividend distribution**

Dividends are recognised as liabilities when they are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the equity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the shareholders' annual general meeting. Interim dividends are recognised when paid.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 5. KEY ESTIMATES

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### (a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The carrying amount of property, plant and equipment as at 31 December 2017 was approximately of RM3,819,000 (2016: RM2,823,000).

#### (b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. No impairment loss was made as at 31 December 2017 and 2016.

## 6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are principally denominated in currencies other than the functional currencies of the Group entities such as Hong Kong dollars ("HKD"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2017, if the Malaysian Ringgit ("RM") had weakened/strengthened 12% against HKD with all other variables held constant, consolidated profit after tax for the year and the equity would have been approximately RM5,357,000 higher/lower, arising mainly as a result of the foreign exchange gain/loss on bank and cash balances denominated in HKD.

The directors of the Company consider that the foreign currency exposure in respect of HKD for the year ended 31 December 2016 is insignificant to the Group and therefore no sensitivity analysis is presented thereon.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 6. FINANCIAL RISK MANAGEMENT *(continued)*

### (b) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables, pledged bank deposits and bank and cash balances.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. In addition, in order to minimise credit risk, the directors review the recoverable amount of each individual trade receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

As at 31 December 2017, there were 3 customers (2016: 4 customers) which individually contributed over 10% of the Group's trade receivables respectively. The aggregate amounts of trade receivables from these customers amounted to 54% (2016: 52%) of the Group's total trade receivables as at 31 December 2017.

The credit risk on pledged bank deposits and bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### (c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand or within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>At 31 December 2017</b>					
Accruals and other payables	5,699	–	–	–	5,699
Finance lease payables	217	218	554	94	1,083
	On demand or within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>At 31 December 2016</b>					
Accruals and other payables	4,626	–	–	–	4,626
Borrowings	2,423	–	–	–	2,423
Finance lease payables	217	217	639	227	1,300



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 6. FINANCIAL RISK MANAGEMENT *(continued)*

### (d) Interest rate risk

The Group's pledged bank deposits and finance lease payables bear interest at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group's exposure to cash flow interest rate risk arises from its bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates that vary with the then prevailing market condition.

At 31 December 2017, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, consolidated profit after tax for the year and the equity would have been approximately RM266,000 lower/higher arising mainly as a result of lower/higher interest on bank deposits.

At 31 December 2016, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, there is no significant change to the profit after tax for the year.

### (e) Categories of financial instruments at 31 December 2017

	2017 RM'000	2016 RM'000
<b>Financial assets:</b>		
Loans and receivables (including cash and cash equivalents)	83,056	20,963
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	6,654	8,167

### (f) Fair values

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

## 7. REVENUE

An analysis of the Group's revenue is as follows:

	2017 RM'000	2016 RM'000
Telemarketing services income	85,669	73,161



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 8. OTHER INCOME

	2017 RM'000	2016 RM'000
Interest income	76	28
Rental income	626	601
Others	42	42
	<b>744</b>	671

## 9. OTHER GAINS AND LOSSES

	2017 RM'000	2016 RM'000
Gain on disposal of property, plant and equipment	86	3
Gain on disposal of subsidiaries	–	77
Net foreign exchange losses	(2,630)	–
Other payables written back	79	83
	<b>(2,465)</b>	163

## 10. SEGMENT INFORMATION

### Operating segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

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".

### Geographical information

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 10. SEGMENT INFORMATION *(continued)*

### Revenue from major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group for the year were as follow:

	2017 RM'000	2016 RM'000
Customer A	12,139	10,324
Customer B	13,931	8,759
Customer C (note i)	8,500	N/A
Customer D (note i)	17,762	N/A
Customer E (note ii)	N/A	9,493

Note:

- (i) Customer C and D did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2016.
- (ii) Customer E did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2017.

## 11. FINANCE COSTS

	2017 RM'000	2016 RM'000
Bank overdraft interests	224	203
Finance lease charges	54	45
	<b>278</b>	<b>248</b>

## 12. INCOME TAX EXPENSES

	2017 RM'000	2016 RM'000
Current tax — Malaysian Income Tax		
Provision for the year	—	—
Under-provision in prior years	11	3
	<b>11</b>	<b>3</b>

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) on the estimated taxable profits for the year ended 31 December 2017.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 12. INCOME TAX EXPENSES *(continued)*

Certain subsidiaries incorporated in Malaysia enjoy tax rate of 19% on the first RM500,000 and remaining balance of the estimated taxable profit at tax rate of 24% for the year ended 31 December 2016.

No provision of profit tax in Cayman Islands, British Virgin Islands, Hong Kong and Indonesia is required as the Group has no assessable profit for the year arising in or derived from these jurisdictions for the years ended 31 December 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 was 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 was entitled to tax exemption of its statutory income for a period of 5 years from 10 February 2015 to 9 February 2020.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the weighted average tax rate is as follows:

	<b>2017</b>	2016
	<b>RM'000</b>	RM'000
Profit before tax	<b>5,268</b>	14,318
Tax at the weighted average tax rate of 41% (2016: 24%)	<b>2,163</b>	3,437
Tax effect of income that are not taxable	<b>(13)</b>	(57)
Tax effect of expenses that are not deductible	<b>2,268</b>	1,123
Tax effect of tax losses not recognised	<b>608</b>	368
Tax effect of temporary differences not recognised	<b>(6)</b>	–
Tax effect of tax preferential period	<b>(5,020)</b>	(4,871)
Under-provision in prior years	<b>11</b>	3
Income tax expense	<b>11</b>	3



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 13. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2017 RM'000	2016 RM'000
Auditor's remuneration	462	37
Listing expenses	7,297	3,470
Operating lease charges in respect of		
— Hire of plant and equipment	106	55
— Land and buildings	2,988	2,535
	3,094	2,590
Staff costs (including directors' emoluments)		
— Salaries, bonuses and allowances	51,541	39,394
— Retirement benefit scheme contributions	6,100	4,854
— Social insurance contributions	700	547
	58,341	44,795

## 14. DIRECTORS' AND EMPLOYEE BENEFITS

### (a) Directors' emoluments

Pursuant to the Listing Rule and the disclosure requirements of the Hong Kong Companies Ordinance, the emoluments of each director were as follows:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
	Fees RM'000	Salaries RM'000	Allowances RM'000	Discretionary bonus RM'000	Retirement benefit scheme contributions RM'000	Social insurance contributions RM'000	Total RM'000
<b>For the year ended 31 December 2017</b>							
<b>Executive Directors</b> (note i)							
Mr. Ng Chee Wai	-	501	45	150	113	1	810
Mr. Lee Koon Yew (Chief executive officer)	-	461	40	150	101	1	753
Mr. Kwan Kah Yew	-	550	40	150	122	1	863
	-	1,512	125	450	336	3	2,426
<b>Independent Non-Executive Directors</b> (note ii)							
Mr. Lee Shu Sum Sam	47	-	-	-	-	-	47
Mr. Kow Chee Seng	47	-	-	-	-	-	47
Mr. Chan Hoi Kuen Matthew	47	-	-	-	-	-	47
	141	-	-	-	-	-	141



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 14. DIRECTORS' AND EMPLOYEE BENEFITS (continued)

### (a) Directors' emoluments (continued)

Emoluments paid or receivable in respect of a person's services as a director,  
whether of the Company or its subsidiary undertaking

	Fees RM'000	Salaries RM'000	Allowances RM'000	Discretionary bonus RM'000	Retirement benefit scheme contributions RM'000	Social insurance contributions RM'000	Total RM'000
For the year ended 31 December 2016							
Executive Directors (note i)							
Mr. Ng Chee Wai	-	472	8	-	89	1	570
Mr. Lee Koon Yew (Chief executive officer)	-	396	-	-	52	1	449
Mr. Kwan Kah Yew	-	420	-	-	80	1	501
	-	1,288	8	-	221	3	1,520

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2016: Nil).

Note:

- (i) Appointed on 23 August 2016
- (ii) Appointed on 14 June 2017

### (b) Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2016: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2016: two) individuals are set out below:

	2017 RM'000	2016 RM'000
Salaries and allowances	591	563
Discretionary bonus	174	-
Retirement benefit scheme contributions	63	59
Social insurance contributions	2	1
	<b>830</b>	623



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 14. DIRECTORS' AND EMPLOYEE BENEFITS *(continued)*

### (b) Five highest paid individuals *(continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
HK\$500,000 or below	–	1
HK\$500,001 to HK\$1,000,000	2	1
	<b>2</b>	<b>2</b>

No emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2016: Nil).

### (c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## 15. DIVIDENDS

	2017 RM'000	2016 RM'000
Dividends declared and paid to the then shareholders of a subsidiary of the Company prior to the Listing	5,000	12,300
2017 Interim dividends of RM2 cents (2016: Nil) per ordinary share paid	8,000	–
	<b>13,000</b>	<b>12,300</b>

The Board does not recommend payment of a final dividend for the year ended 31 December 2017 (2016: Nil).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 16. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of the basic earnings per share is based on the following:

	2017 RM'000	2016 RM'000
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share	5,257	14,302
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (Note)	347,397	300,000

Note: In determining the number of shares in issue, the total of 300,000,000 shares issued (1 share issued on the incorporation of the Company, 99 shares issued on Reorganisation and 299,999,900 shares issued on capitalisation issue (Note 26)) were deemed to have been in issue since 1 January 2016.

### (b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2017 and 2016.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RM'000	Computer and office equipment RM'000	Tele-communication equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>					
As at 1 January 2016	1,236	7,578	1,791	1,685	12,290
Additions	-	308	52	1,378	1,738
Disposals	-	-	-	(1,376)	(1,376)
As at 31 December 2016 and 1 January 2017	1,236	7,886	1,843	1,687	12,652
Additions	634	1,610	161	-	2,405
Disposals	-	-	-	(309)	(309)
As at 31 December 2017	1,870	9,496	2,004	1,378	14,748
<b>Accumulated depreciation</b>					
As at 1 January 2016	665	6,178	1,473	1,133	9,449
Charge for the year	123	720	163	337	1,343
Disposals	-	-	-	(963)	(963)
As at 31 December 2016 and 1 January 2017	788	6,898	1,636	507	9,829
Charge for the year	187	705	164	275	1,331
Disposals	-	-	-	(231)	(231)
As at 31 December 2017	975	7,603	1,800	551	10,929
<b>Carrying amount</b>					
As at 31 December 2017	895	1,893	204	827	3,819
As at 31 December 2016	448	988	207	1,180	2,823

At 31 December 2017, the carrying amount of motor vehicles held by the Group under finance lease amounted to approximately RM827,000 (2016: RM1,102,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 18. TRADE RECEIVABLES

	2017 RM'000	2016 RM'000
Trade receivables	22,245	15,425

The Group's trade receivables represent receivables from customers. The general credit term of trade receivables is 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:

	2017 RM'000	2016 RM'000
0 to 30 days	8,442	8,738
31 to 60 days	7,325	5,826
61 to 90 days	2,228	648
91 to 120 days	1,348	213
121 to 180 days	2,902	–
	22,245	15,425

As at 31 December 2017, trade receivables of approximately RM13,803,000 (2016: RM6,687,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2017 RM'000	2016 RM'000
Up to 3 months	10,901	6,687
Over 3 months	2,902	–
	13,803	6,687

The carrying amounts of the Group's trade receivables are denominated in RM.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 19. OTHER RECEIVABLES

	2017 RM'000	2016 RM'000
Deposits	888	756
Prepayments	494	2,270
Others	19	8
	<b>1,401</b>	3,034

The carrying amounts of the Group's other receivables are denominated in the following currencies:

	2017 RM'000	2016 RM'000
RM	1,232	792
Hong Kong dollars	124	2,209
United States dollars	45	33
	<b>1,401</b>	3,034

## 20. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

	2017 RM'000	2016 RM'000
Pledged bank deposits	2,552	2,121
Bank and cash balances	57,352	2,653
	<b>59,904</b>	4,774

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2017 RM'000	2016 RM'000
RM	3,529	2,649
Hong Kong dollars	53,821	2
United States dollars	2	2
	<b>57,352</b>	2,653



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 20. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES *(continued)*

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as set out in note 24 to the consolidated financial statements. The deposits are denominated in RM and bear interest at fixed rate ranging from 2.80% per annum to 3.60% per annum (2016: 2.80% per annum to 3.30% per annum) for the year ended 31 December 2017 and therefore are subject to fair value interest rate risk.

## 21. ACCRUALS AND OTHER PAYABLES

	2017 RM'000	2016 RM'000
Accruals	1,346	831
Commission payables	438	973
Salaries and welfare payables	3,480	2,394
Other tax payables	379	364
Others	753	315
	<b>6,396</b>	4,877

The carrying amounts of the Group's accruals and other payables are denominated in the following currencies:

	2017 RM'000	2016 RM'000
RM	5,919	4,859
Hong Kong dollars	477	18
	<b>6,396</b>	4,877



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 22. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Within one year	217	217	173	163
After one year but within two years	218	217	183	173
In the third to fifth years, inclusive	554	639	507	564
After five years	94	227	92	218
	<b>1,083</b>	1,300	<b>955</b>	1,118
Less: Future finance charges	<b>(128)</b>	(182)	<b>N/A</b>	N/A
Present value of lease obligations	<b>955</b>	1,118	<b>955</b>	1,118
Less: Amount due for settlement within 12 months (shown under current liabilities)			<b>(173)</b>	(163)
Amount due for settlement after 12 months			<b>782</b>	955

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average remaining lease term is 5 years (2016: 6 years). At 31 December 2017, the average effective borrowing rate was 5.13% (2016: 5.12%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All finance lease payables are denominated in RM.

As at 31 December 2017 and 2016, the Group's finance lease payables are secured by the lessor's title to the leased assets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 23. BORROWINGS

	2017 RM'000	2016 RM'000
Bank overdrafts, secured and repayable on demand	–	2,423

The carrying amounts of the Group's borrowings are denominated in RM.

At 31 December 2017, the Group's average interest rates for the bank overdrafts is 8.49% (2016: 8.60%).

The Group's bank overdrafts are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

As at 31 December 2017, the Group's bank overdrafts are secured by the pledged bank deposits and the corporate guarantees provided by the Company.

As at 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. Such personal guarantees have been fully released.

## 24. BANKING FACILITIES

At 31 December 2017, the Group has available and unutilised facilities from banks amounting to RM5,000,000 (2016: RM2,577,000). These facilities are secured by:

- the Group's pledged bank deposits of approximately RM2,552,000 (2016: RM2,121,000); and
- corporate guarantees provided by the Company (2016: personal guarantee executed jointly and severally by the directors of the Company).

## 25. DEFERRED TAX LIABILITIES

As at 31 December 2017, the Group has unused tax losses of approximately RM7,245,000 (2016: RM4,710,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams from those loss making subsidiaries. Unrecognised tax losses may be carried forward indefinitely.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 26. SHARE CAPITAL

	Note	Number of shares	Amount HK\$'000
<b>Authorised:</b>			
Ordinary shares of HK\$0.01 each			
On incorporation, at 31 December 2016 and 1 January 2017	(a)	38,000,000	380
Increase in authorised share capital	(d)	9,962,000,000	99,620
At 31 December 2017		10,000,000,000	100,000

	Note	Number of shares	Amount HK\$'000	Equivalents to amount RM'000
<b>Issued and fully paid:</b>				
On incorporation, at 31 December 2016 and 1 January 2017	(b)	1	—*	—*
Issue of ordinary shares pursuant to the Reorganisation	(c)	99	—*	—*
Share capitalisation	(e)	299,999,900	3,000	1,649
Issue of new shares pursuant to public offer	(f)	100,000,000	1,000	550
At 31 December 2017		400,000,000	4,000	2,199

\* Represents the amount less than HK\$1,000 and RM1,000.

Note:

- (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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 26. SHARE CAPITAL *(continued)*

Note: (continued)

- (e) 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 Listing, the directors were authorised to capitalise an amount of approximately RM1,649,000 (equivalent to approximately HK\$3,000,000) 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 capitalisation was completed on 12 July 2017.
- (f) On the Listing Date, the Company issued 100,000,000 new shares at HK\$1.38 each in relation to the Listing. The premium on the issue of shares, amounting to approximately RM75,324,000 (equivalent to approximately HK\$137,000,000) was credited to the Company's share premium account. These new shares rank *pari passu* with the existing shares in all respects.

Share capital as presented in the consolidated statement of financial position as at 31 December 2016 represented the issued and paid up capital of UTS Marketing Solutions Sdn. Bhd., a subsidiary of the Company, of 250,000 ordinary shares of RM1 each.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2017 is 8% (2016: 32%).

The externally imposed capital requirement for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float at least 25% of the issued shares; and (ii) to meet financial covenants attached to the bank borrowings.

The Group receives a report from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2017, 25% (2016: Nil) of the shares were in public hands.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings for the years ended 31 December 2017 and 2016.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 27. 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.

During the year ended 31 December 2017, no share options have been granted by the Group under the Share Option Scheme.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 28. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

### (a) Statement of financial position of the Company

	Note	2017 RM'000	2016 RM'000
<b>Non-current assets</b>			
Investment in a subsidiary		250	–
<b>Current assets</b>			
Other receivables		157	2,242
Due from subsidiaries		16,569	–
Bank and cash balances		53,820	–
		<b>70,546</b>	2,242
<b>Current liabilities</b>			
Accruals and other payables		477	18
Due to a subsidiary		–	5,852
		<b>477</b>	5,870
<b>Net current assets/(liabilities)</b>		<b>70,069</b>	(3,628)
<b>NET ASSETS/(LIABILITIES)</b>		<b>70,319</b>	(3,628)
<b>Capital and reserves</b>			
Share capital		2,199	–*
Reserves	28(b)	68,120	(3,628)
<b>TOTAL EQUITY/(DEFICIENCY)</b>		<b>70,319</b>	(3,628)

\* Represents the amount less than RM1,000.

Approved by the Board of Directors on 26 March 2018 and signed on its behalf by:

Ng Chee Wai

Lee Koon Yew



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 28. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (continued)

### (b) Reserve movement of the Company

	Share premium account RM'000	Merger reserve RM'000	(Accumulated losses)/ retained profits RM'000	Total equity RM'000
Loss for the period and at 31 December 2016	–	–	(3,628)	(3,628)
At 1 January 2017	–	–	(3,628)	(3,628)
Profit for the year	–	–	11,635	11,635
Effect from group reorganisation	–	250	–	250
Share capitalisation (note 26(e))	(1,649)	–	–	(1,649)
Issue of new share pursuant to public offer (note 26(f))	75,324	–	–	75,324
Cost of issuing new shares pursuant to public offer	(5,812)	–	–	(5,812)
Dividend paid (note 15)	–	–	(8,000)	(8,000)
At 31 December 2017	67,863	250	7	68,120

## 29. RESERVES

### (a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

### (b) Nature and purpose of reserves

#### (i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and after deduction of capitalisation issue and issuance costs of shares.

#### (ii) Merger reserve

The merger reserve of the Company represents the difference between the cost of investment in a subsidiary pursuant to the Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Disposal of subsidiaries

On 7 September 2016, the Group entered into an agreement to dispose of its 90% equity interest in TCCW Marketing Services Sdn. Bhd. ("TCCW") and its wholly-owned subsidiary, PT. UTS Indonesia (collectively referred as "TCCW Group") to the non-controlling interests of the Group and another independent third party at a cash consideration of RM90. The principal activity of TCCW is investment holding. The disposal was completed on 15 September 2016.

The consolidated net liabilities of TCCW Group at the date of disposal were as follows:

	RM'000
Tax recoverable	27
Bank and cash balances	11
Accruals and other payables	(123)
Net liabilities disposed of	(85)
Non-controlling interest	8
Gain on disposal	77
Total consideration — satisfied by cash	—*
Net cash outflow arising on disposal:	
Cash consideration received	—*
Cash and cash equivalents disposed of	(11)
	(11)

\* Represents the amount less than RM1,000

### (b) Major non-cash transactions

During the year, additions of property, plant and equipment of RMNil (2016: RM1,156,000) were financed by finance lease.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

### (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2017 RM'000	Cash flows RM'000	Interest expenses/ finance lease charges RM'000	31 December 2017 RM'000
Borrowings (note 23)	2,423	(2,647)	224	–
Finance lease payables (note 22)	1,118	(217)	54	955
	3,541	(2,864)	278	955

## 31. LEASE COMMITMENTS

### The Group as lessee

At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 RM'000	2016 RM'000
Within one year	2,259	1,803
In the second to fifth years, inclusive	1,107	2,064
	3,366	3,867

Operating lease payments mainly represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of 2.6 years (2016: 3 years) and rentals are fixed over the lease terms and do not include contingent rentals.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 31. LEASE COMMITMENTS *(continued)*

### The Group as lessor

The Group has entered certain leasing agreements to provide workstations equipments facilities to their customers. Rental income earned during the year was approximately RM626,000 (2016: RM601,000).

At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2017 RM'000	2016 RM'000
Within one year	110	105

## 32. RELATED PARTY TRANSACTIONS

### (a) Transactions

Details of the related party transactions during the year are set out in notes 23 and 24 to the consolidated financial statements.

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

	2017 RM'000	2016 RM'000
Short term employee benefits	5,673	3,783
Retirement benefit scheme contributions	628	498
Social insurance contributions	13	12
Total compensation paid to key management personnel	6,314	4,293

## 33. RETIREMENT BENEFIT SCHEME

The employees of the Group are required by the law to make contributions to the Employees Provident Fund, a post-employment plan. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The Group's contributions under the scheme for the year ended 31 December 2017 amounted to approximately RM6,100,000 (2016: RM4,854,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 34. SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2017 are as follows:

Name	Place of incorporation/ registration and operations	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing		Principal activities
			Direct	Indirect	
UTS Marketing Solutions (BVI) Limited	British Virgin Islands	US\$200	100%	–	Investment holding
UTS Marketing Solutions Sdn. Bhd.	Malaysia	RM250,000	–	100%	Provision of outbound marketing services of financial products and its related activities issued by authorised financial institutions, cards companies or organisation worldwide
Tele Response Sdn. Bhd.	Malaysia	RM252,000	–	100%	Provision of workstations and its related services for promotion of financial products and its related activities issued by authorised financial institutions, cards companies or organisation worldwide



# FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last four financial years is as follows:

Results	Year ended 31 December			
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Revenue	85,669	73,161	69,005	57,939
Other income	744	671	502	406
Other gains and losses	(2,465)	163	141	75
Staff costs	(58,341)	(44,795)	(40,326)	(33,535)
Depreciation	(1,331)	(1,343)	(1,481)	(1,888)
Other operating expenses	(18,730)	(13,291)	(8,755)	(8,110)
<b>Profit from operations</b>	<b>5,546</b>	<b>14,566</b>	<b>19,086</b>	<b>14,887</b>
Finance costs	(278)	(248)	(51)	(55)
<b>Profit before tax</b>	<b>5,268</b>	<b>14,318</b>	<b>19,035</b>	<b>14,832</b>
Income tax (expenses)/credit	(11)	(3)	(3)	77
<b>Profit and total comprehensive income for the year</b>	<b>5,257</b>	<b>14,315</b>	<b>19,032</b>	<b>14,909</b>
<b>Profit and total comprehensive income attributable to:</b>				
Owners of the Company	5,257	14,302	19,050	14,945
Non-controlling interests	–	13	(18)	(36)
	<b>5,257</b>	<b>14,315</b>	<b>19,032</b>	<b>14,909</b>
Assets and liabilities	At 31 December			
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Non-current assets	3,819	2,823	2,841	3,921
Current assets	83,621	23,365	18,896	18,221
Non-current liabilities	(782)	(955)	(586)	(787)
Current liabilities	(6,569)	(7,463)	(5,404)	(8,284)
<b>Net assets</b>	<b>80,089</b>	<b>17,770</b>	<b>15,747</b>	<b>13,071</b>
<b>Equity attributable to:</b>				
Owners of the Company	80,089	17,770	15,768	13,074
Non-controlling interests	–	–	(21)	(3)
	<b>80,089</b>	<b>17,770</b>	<b>15,747</b>	<b>13,071</b>

Note: The summary of the consolidated results of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and of the assets and liabilities as at 31 December 2014, 2015 and 2016 have been extracted from the Company's prospectus dated 22 June 2017.