



# UTS MARKETING SOLUTIONS HOLDINGS LIMITED


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

2018 | INTERIM  
REPORT



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## Corporate Information

(as at 30 June 2018)

### 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

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

### HEADQUARTERS IN MALAYSIA

Tingkat 10

Bangunan KWSP

No. 3 Changkat Raja Chulan

50200 Kuala Lumpur

Malaysia

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

Shanghai Commercial Bank

CIMB Bank Berhad

Bank Islam Malaysia Berhad

### STOCK CODE

6113

### WEBSITE

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

## INDEPENDENT REVIEW REPORT



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

*(Incorporated in the Cayman Islands with limited liability)*

#### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 5 to 16 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

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

### **RSM Hong Kong**

*Certified Public Accountants*

29th Floor

Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

13 August 2018



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

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	Six months ended 30 June	
		2018 RM'000 (unaudited)	2017 RM'000 (unaudited)
<b>Revenue</b>	4	<b>45,042</b>	42,293
Other income		<b>385</b>	392
Other gains and losses		<b>(366)</b>	109
Staff costs		<b>(28,897)</b>	(27,499)
Depreciation		<b>(518)</b>	(538)
Other operating expenses		<b>(6,502)</b>	(9,136)
<b>Profit from operations</b>		<b>9,144</b>	5,621
Finance costs		<b>(53)</b>	(137)
<b>Profit before tax</b>		<b>9,091</b>	5,484
Income tax expense	5	<b>—</b>	—
<b>Profit and total comprehensive income for the period</b>	6	<b>9,091</b>	5,484
		<b>RM</b>	RM
<b>Earnings per share</b>	8		
Basic		<b>2.27 cents</b>	1.83 cents
Diluted		<b>N/A</b>	N/A

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

	Note	30 June 2018 RM'000 (unaudited)	31 December 2017 RM'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	3,516	3,819
<b>Current assets</b>			
Trade receivables	10	23,500	22,245
Other receivables		1,133	1,401
Tax recoverable		98	71
Pledged bank deposits		2,782	2,552
Bank and cash balances		64,330	57,352
		91,843	83,621
<b>Current liabilities</b>			
Accruals and other payables		5,310	6,396
Finance lease payables		178	173
		5,488	6,569
<b>Net current assets</b>		86,355	77,052
<b>Total assets less current liabilities</b>		89,871	80,871
<b>Non-current liabilities</b>			
Finance lease payables		691	782
<b>NET ASSETS</b>		89,180	80,089

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 30 JUNE 2018

	Note	30 June 2018 RM'000 (unaudited)	31 December 2017 RM'000 (audited)
<b>Capital and reserves</b>			
Share capital	11	2,199	2,199
Reserves		86,981	77,890
<b>TOTAL EQUITY</b>		<b>89,180</b>	80,089

Approved by the Board of Directors on 13 August 2018 and are signed on its behalf by:

**Ng Chee Wai**  
Director

**Lee Koon Yew**  
Director



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Share capital RM'000	Share premium account RM'000	Merger reserve RM'000	Retained profits RM'000	Total equity RM'000
As at 1 January 2017 (audited)	250	–	–	17,520	17,770
Total comprehensive income for the period	–	–	–	5,484	5,484
Issue of shares	–*	–	–	–	–*
Effect from group reorganisation	(250)	–	250	–	–
Dividend paid (note 7)	–	–	–	(5,000)	(5,000)
Changes in equity for the period	(250)	–	250	484	484
As at 30 June 2017 (unaudited)	–*	–	250	18,004	18,254
As at 1 January 2018 (audited)	<b>2,199</b>	<b>67,863</b>	<b>250</b>	<b>9,777</b>	<b>80,089</b>
Total comprehensive income for the period and changes in equity for the period	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,091</b>	<b>9,091</b>
As at 30 June 2018 (unaudited)	<b>2,199</b>	<b>67,863</b>	<b>250</b>	<b>18,868</b>	<b>89,180</b>

\* Represents the amount less than RM1,000

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018	2017
	RM'000	RM'000
	(unaudited)	(unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>7,457</b>	<b>7,549</b>
Purchases of property, plant and equipment	(215)	(1,566)
Other investing cash flows (net)	(178)	(46)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(393)</b>	<b>(1,612)</b>
Proceeds from issue of shares	–	–*
Repayment of finance lease payables	(86)	(81)
Dividend paid	–	(5,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(86)</b>	<b>(5,081)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,978</b>	<b>856</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>57,352</b>	<b>230</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY</b>	<b>64,330</b>	<b>1,086</b>
Bank and cash balances	64,330	4,521
Bank overdrafts	–	(3,435)
	<b>64,330</b>	<b>1,086</b>

\* Represents the amount less than RM1,000

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## 1. BASIS OF PREPARATION

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

These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2017, except as stated below.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

The Group has initially adopted HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's consolidated financial statements. The impact of the adoption of HKFRS 9 and HKFRS 15 have been summarised in below.

### HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

#### (a) Classification

From 1 January 2018, the Group classifies its financial assets including trade and other receivables and cash and cash equivalents at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.



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

(continued)

### HKFRS 9 Financial Instruments (continued)

#### (b) Measurement

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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

*(continued)*

### **HKFRS 9 Financial Instruments** *(continued)*

#### *(c) Impairment*

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

No additional impairment for trade and other receivables as at 1 January 2018 is recognised as the amount of additional impairment measured under the expected credit losses model is immaterial.

### **HKFRS 15 Revenue from Contracts with Customers**

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of HKFRS 15 does not have any material impact on the Group's consolidated financial statements.

## 3. **FAIR VALUE MEASUREMENTS**

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

## 4. **REVENUE AND 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 period are located in Malaysia.



## 5. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>RM'000</b>	RM'000
	<b>(unaudited)</b>	(unaudited)
Current tax — Malaysian Income Tax	—	—

Malaysian income tax is calculated at the statutory tax rates of 24% on the estimated taxable profits for the six months ended 30 June 2018 and 2017.

Certain subsidiaries incorporated in Malaysia enjoy tax rates of 18% on the first RM500,000 and remaining balance of the estimated taxable profit at tax rates of 24% for the six months ended 30 June 2017.

No provision of profit tax in Cayman Islands, British Virgin Islands and Hong Kong is required as the Group has no assessable profit arising in or derived from these jurisdictions for the six months ended 30 June 2018 and 2017.

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.

## 6. PROFIT FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>RM'000</b>	RM'000
	<b>(unaudited)</b>	(unaudited)
Listing expenses	—	3,472
Operating lease charges in respect of		
— Hire of plant and equipment	69	42
— Land and buildings	1,483	1,423
	1,552	1,465
Staff costs (including directors' emoluments)		
— Salaries, bonuses and allowances	25,439	24,173
— Retirement benefit scheme contributions	3,076	2,981
— Social insurance contributions	382	345
	28,897	27,499



## 7. DIVIDEND

The board of directors ("Board") does not recommend payment of an interim dividend for the six months ended 30 June 2018.

The Board has resolved to declare an interim dividend of RM0.02 per share totaling RM8,000,000 for the six months ended 30 June 2017.

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

## 8. EARNINGS PER SHARE

### Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2018 of approximately RM9,091,000 (30 June 2017: approximately RM5,484,000) and the weighted average number of 400,000,000 (30 June 2017: 300,000,000, assuming the capitalisation issue of 299,999,900 (as detailed in note 15(a)) ordinary shares has been completed on 1 January 2017) ordinary shares in issue during the period.

### Diluted earnings per share

No diluted earnings per share are presented as there are no dilutive potential ordinary shares during the six months ended 30 June 2018 and 2017.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment with a cost of approximately RM215,000 (30 June 2017: approximately RM1,566,000). Property, plant and equipment with a net book value of approximately RM78,000 were disposed of during the six months ended 30 June 2017 resulting a gain on disposal of RM86,000.

## 10. TRADE RECEIVABLES

The general credit terms 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:

	<b>30 June 2018 RM'000 (unaudited)</b>	<b>31 December 2017 RM'000 (audited)</b>
0 to 30 days	<b>9,961</b>	8,442
31 to 60 days	<b>8,371</b>	7,325
61 to 90 days	<b>3,196</b>	2,228
91 to 120 days	<b>745</b>	1,348
121 to 180 days	<b>626</b>	2,902
Over 180 days	<b>601</b>	–
	<b>23,500</b>	22,245

## 11. SHARE CAPITAL

	Number of shares	Amount HK\$'000	
<b>Authorised:</b>			
Ordinary shares of HK\$0.01 each			
At 31 December 2017, 1 January 2018			
and 30 June 2018	10,000,000,000	100,000	
	Number of shares	Amount HK\$'000	Equivalent to amount RM'000
<b>Issued and fully paid:</b>			
Ordinary shares of HK\$0.01 each			
At 31 December 2017, 1 January 2018			
(audited) and 30 June 2018 (unaudited)	400,000,000	4,000	2,199

## 12. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	30 June 2018 RM'000 (unaudited)	30 June 2017 RM'000 (unaudited)
Short term employee benefits	2,516	2,055
Retirement benefit scheme contributions	443	276
Social insurance contributions	7	6
Total compensation paid to key management personnel	2,966	2,337

## 13. 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.



### 13. **SHARE-BASED PAYMENT TRANSACTIONS** *(continued)*

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

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

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

### 14. **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities at 30 June 2018 (31 December 2017: Nil).

### 15. **EVENTS AFTER THE REPORTING PERIOD**

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

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

### 16. **NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. The Group has not early adopted any new or amended standards that has been issued but is not yet effective.

The Group has the following updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

The Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to RM2,698,000 as at 30 June 2018. 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.

### 17. **APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 August 2018.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the provision of outbound telemarketing services and contact centre facilities for promotion of financial products and its related activities issued by authorized financial institutions, card companies or organization worldwide.

As at 30 June 2018, the Group was operating six contact centers situated within the central business district of Kuala Lumpur, Malaysia with approximately 1,413 employees.

The Group's net profit for the six months ended 30 June 2018 amounted to approximately RM9.09 million, representing an increase of approximately RM3.61 million as compared to approximately RM5.48 million for the corresponding six months ended 30 June 2017. The increase was mainly due to a reduction of non-recurring listing expenses incurred for professional and consultancy fees in preparation for the listing of the Group in the prior corresponding period.

### FINANCIAL REVIEW

#### Revenue

	Six months ended 30 June	
	2018 RM'000	2017 RM'000
<b>Industry sector</b>		
Insurance	<b>36,017</b>	36,161
Banking and financial	<b>2,180</b>	3,715
Others	<b>6,845</b>	2,417
<b>Total</b>	<b>45,042</b>	42,293

For the six months ended 30 June 2018, the Group recorded revenue of approximately RM45.04 million, representing an increase of approximately 6.5% as compared with approximately RM42.29 million for the corresponding period in 2017. Such an increase was attributable to the increase in the number of workstations ordered by our clients, particularly from charitable organisations.

The overall average number of workstation orders per month increased from approximately 1,158 for the six months ended 30 June 2017 to approximately 1,193 for the six months ended 30 June 2018. The revenue generated per workstation per month remained relatively stable for the six months ended 30 June 2018 and 2017, which were RM6,293 and RM6,087 respectively.

## Other income

For the six months ended 30 June 2018, other income remained relatively stable, which was approximately RM0.38 million as compared to the amount of approximately RM0.39 million for the corresponding period in prior year.

## Other gains and losses

For the six months ended 30 June 2018, other gains and losses decreased by approximately RM0.48 million as compared to the corresponding period in prior year, from gains of approximately RM0.11 million to losses of approximately RM0.37 million, which was primarily due to an increase in unrealised foreign exchange loss and a reduction of non-recurring gain on disposal of property, plant and equipment.

## Staff costs

For the six months ended 30 June 2018, staff costs increased by approximately RM1.40 million or 5.1%, from approximately RM27.50 million to approximately RM28.90 million. This was mainly due to an increase in the number of staff from a monthly average of 1,425 for the six months ended 30 June 2017 to a monthly average of 1,495 for the six months ended 30 June 2018 with a relative stable overall staff costs per staff per month of RM3,222 for the six months ended 30 June 2018 (30 June 2017: RM3,216).

The increase in the average number of staff was in proportion to the increase in number of workstations ordered by our clients and the increase in incidental back office operational staff.

## Depreciation

For the six months ended 30 June 2018, depreciation charges decreased by approximately RM0.02 million or 3.7%, from approximately RM0.54 million to approximately RM0.52 million. The decrease in the depreciation charges was mainly due to an increase in the amount of fully depreciated property, plant and equipment during the reporting period.

## Other operating expenses

For the six months ended 30 June 2018, other operating expenses decreased by approximately RM2.64 million or 28.9%, from approximately RM9.14 million to approximately RM6.50 million. The decrease was primarily due to a reduction of non-recurring listing expenses of approximately RM3.47 million incurred for the professional and consultancy fees in preparation for the listing of the Group in prior corresponding period.

## Finance costs

For the six months ended 30 June 2018, finance costs decreased by approximately RM0.09 million or 64.3%, from approximately RM0.14 million to RM0.05 million. The decrease was primarily due to the decrease in bank overdraft interest incurred for lower utilisation of bank overdraft facilities during the reporting period.



## Income tax expenses

No income tax expense provision was required for the six months ended 30 June 2018 as the Group did not generate any assessable profits arising from the six months ended 30 June 2018. A subsidiary of the Group is entitled to tax exemption from its statutory income in Malaysia for a period of 5 years from 10 February 2015 to 9 February 2020.

## Net profit and net profit margin

As a result of the above factors, the Group recorded a profit after tax of approximately RM9.09 million and RM5.48 million for the six months ended 30 June 2018 and 2017 respectively. Net profit margin was approximately 20.2% and 13.0% for the six months ended 30 June 2018 and 2017 respectively. The increase in net profit margin by 7.2% was mainly due to the decrease in other operating expenses as a result of the non-recurring listing expenses incurred for the preparation for the listing of the Group on the Stock Exchange during the prior corresponding period.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Financial resources

The Group generally meets its working capital requirements and capital expenditures on plant and equipment from its internally generated funds and bank borrowings. For the six months ended 30 June 2018, the Group generated net cash inflow from operating activities of approximately RM7.46 million (30 June 2017: approximately RM7.55 million). The Group was able to repay its obligations when they became due. The Group did not experience material difficulties in rolling over its existing banking facilities.

### Banking facilities and finance lease payables

As at 30 June 2018, the Group has available and unutilised facilities from banks amounting to RM5.00 million. The carrying amount of the Group's facilities is denominated in Malaysian Ringgit. The Group's average interest rate for the banking facilities is 9.01% (31 December 2017: 8.49%). The Group's banking facilities are secured by the pledged bank deposits and the corporate guarantees provided by the Company.

As at 30 June 2018, the Group has an aggregate amount of current and non-current finance lease obligations of approximately RM0.87 million (31 December 2017: approximately RM0.96 million), all denominated in Malaysian Ringgit. The average interest rate for finance lease is 5.13% (31 December 2017: 5.13%) and our finance lease is secured by the lessor's retention of title to the leased assets.

## PLEDGE OF ASSETS

As at 30 June 2018, the Group's bank borrowings, all denominated in Malaysian Ringgit, were secured by (i) the pledge of bank deposits of approximately RM2.78 million (31 December 2017: approximately RM2.55 million), and (ii) corporate guarantees provided by the Company.



## GEARING RATIO

The gearing ratio of the Group as at 30 June 2018 was 0.97% (31 December 2017: 1.19%) which is calculated based on the total debt divided by equity attributable to equity holders of the Company, and total debt is finance lease payables. The Group has a strong liquidity position to meet its operational needs.

## FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

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

### Ability to secure sufficient labour and control staff cost

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

As at 30 June 2018, the Group had 1,413 employees. Total staff costs incurred by the Group for the six months ended 30 June 2018 were approximately RM28.90 million (30 June 2017: approximately RM27.50 million), representing approximately 64.2% of the revenue of the Group for the six months ended 30 June 2018 (30 June 2017: 65.0%).

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

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

### Delay in settlement of bills from the top five clients

The majority of the Group revenue is derived from a limited number of clients. Sales to the five largest clients accounted for approximately 64.4% of the total revenue for the six months ended 30 June 2018 (30 June 2017: 71.5%). All the five largest clients are insurance companies and charitable organisations.

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

The Group will continue monitoring the trade receivables collection cycle in order to fully recover the outstanding amounts due from our clients. As at 30 June 2018, the trade receivables were approximately RM23.50 million. Subsequent to 30 June 2018 and up to the date of this report, approximately RM13.21 million or 56.2% of the outstanding balances of trade receivables as at 30 June 2018 was settled.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 12 July 2017, the Company's shares were listed on the Main Board of the Stock Exchange. A total number of 100,000,000 shares were issued to the public at HK\$1.38 per share for a 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 (equivalent to approximately RM60.3 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 30 June 2018, the respective use of the net proceeds is as follows:

<b>Intended usage</b>	<b>Actual net proceeds received RM'000</b>	<b>Amount utilised as at 30 June 2018 RM'000</b>	<b>Amount unutilised as at 30 June 2018 RM'000</b>
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 management is in the process of evaluating the best time to proceed with the expansion of outbound contact centre and setting up of inbound contact centre by taking into account the market conditions.

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

## **CAPITAL COMMITMENTS**

The Group did not have any material capital commitments as at 30 June 2018.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 30 June 2018.

## **EMPLOYEES AND REMUNERATIONS POLICIES**

As at 30 June 2018, the Group had 1,413 (30 June 2017: 1,515) employees. Total staff costs incurred by the Group for the six months ended 30 June 2018 were approximately RM28.90 million (30 June 2017: approximately RM27.50 million).

The employees of the Group are remunerated according to their job scope and responsibilities. Performance linked commission and allowances on top of fixed salary are paid to the employees to motivate productivity and performance. The employees are also entitled to annual discretionary performance bonus, salary increment and promotion based on timely performance reviews and annual appraisals.

## **FOREIGN CURRENCY EXPOSURE**

Except for and save as certain bank balances denominated in Hong Kong dollars, the Group has minimal exposure to foreign currency risk because 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 the foreign currency exposure closely and will consider necessary hedging strategies should the need arise.

## **SIGNIFICANT INVESTMENT HELD**

As at 30 June 2018, the Group did not hold any significant investments.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There was no specific plan for material investments or capital assets as at 30 June 2018.

## **MATERIAL ACQUISITIONS OR DISPOSALS**

During the six months ended 30 June 2018, there was no material acquisition or disposal by the Group.



## COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders of the Company nor any of their respective close associates that compete or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the six months ended 30 June 2018.

## RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

There had been no material changes on the business operation of the Group since 31 December 2017.

## OUTLOOK AND FUTURE PROSPECTS

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 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 reconciliations services.

The 6% Goods and Services Tax (GST) was reduced to 0% effective from 1 June 2018 by the newly elected Malaysian Government following the recent election pledge on 9 May 2018 and a replacement sales tax will not be introduced until September 2018. The general public are taking advantage of the three-month tax holiday before the implementation of the revamped Sales and Services Tax (SST) on 1 September 2018. The new Malaysian Government is also subsidising some domestic fuel prices for the rest of the year 2018. With consumer spending intentions likely to rise, which could result in an increased demand on non-essential purchases such as insurance protection.

The Group remains optimistic in the financial performance of the Group for the financial year ending 31 December 2018.

## OTHER INFORMATION

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

As at 30 June 2018, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or required, pursuant to section 352 of the SFO, to be entered in the register referred to therein are as follows:

#### Long Positions in the Shares of the Company

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

Notes:

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

Save as disclosed above, as at 30 June 2018, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



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

As at 30 June 2018, the persons or corporations other than Directors or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept under section 336 of the SFO, were as follows:

### Long Position in the Shares of the Company

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

Notes:

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

Save as disclosed above, as at 30 June 2018, 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 register required under section 336 of the SFO as at the date of this report.



## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 June 2017 and became effective from the Listing Date. No option has been granted, exercised, cancelled or lapsed during the six months ended 30 June 2018.

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

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

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

## INTERIM DIVIDENDS

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2018.

The Board has resolved to declare an interim dividend of RM0.02 per share totaling RM8,000,000 for the six months ended 30 June 2017.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

## **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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code for dealings in securities transactions by the Directors. Specific enquiries have been made to all Directors and they have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2018.

## **CORPORATE GOVERNANCE CODE**

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

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 for the six months ended 30 June 2018, save and except code provision C2.5 of the CG Code. 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. Such an arrangement may be improved, but the Board is not concerned with the lack of segregation of duties by having assumed the current organisational 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 of the Group was effective during the six months ended 30 June 2018.

## **CHANGE OF PARTICULARS OF DIRECTORS**

With effect from 1 January 2018, the monthly basic salary of Mr. Ng Chee Wai was increased by 16.9% from RM44,500 to RM52,000 while the monthly basic salaries of Mr. Lee Koon Yew and Mr. Kwan Kah Yew were increased by 12.4% from RM44,500 to RM50,000.

## AUDIT COMMITTEE

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

The interim results for the six months ended 30 June 2018 have been reviewed by the audit committee, and no disagreement was raised by the audit committee in respect of the accounting treatment adopted by the Group.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018 have also been reviewed by the Company's auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The auditor's independent review report will be included in the Company's interim report for the six months ended 30 June 2018 to the Shareholders.

13 August 2018