UTS MARKETING SOLUTIONS HOLDINGS LIMITED

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

2018
Annual Report

CONTENTS

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
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KY1-1111
Cayman Islands

HEADQUARTERS IN MALAYSIA

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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

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 annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018.

The Group's net profit for the year ended 31 December 2018 increased by more than 187% and amounted to approximately RM15.13 million, as compared to RM5.26 million during the year 2017.

The Group is maintaining its leading role in the telemarketing market in Malaysia and was successful in securing more orders from charitable organisations.

Having started our first contact centre in Malaysia with only 50 staffs in 2008, we are proud to transcend ourselves to another level of success. As at 31 December 2018, the total number of workstation orders that the Group received from its clients was approximately 1,062.

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 value to the Company and returns to the shareholders.

Ng Chee Wai
Chairman and Executive Director

18 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in outbound telemarketing services of financial products, which include insurance products (conventional and takaful insurance products), promoting credit cards and balance transfer, and soliciting donation programmes for our clients in Malaysia. Our current clienteles are mainly banks, insurance companies, takaful operators, and charitable organisations in Malaysia.

As at 31 December 2018, the total number of workstation orders that the Group received from its clients was approximately 1,062. The Group operates six contact centres situated within the central business district of Kuala Lumpur, Malaysia with an employee strength of approximately 1,341.

The Group was able to sustain its leading role in a challenging business environment during the year by raising more workstation orders from charitable organisations to mitigate the slight reduction in the number of workstation orders from insurance clients.

The Group's net profit for the year ended 31 December 2018 amounted to approximately RM15.13 million, representing an increase of approximately RM9.87 million or 187.7%, as compared to approximately RM5.26 million for the corresponding year ended 31 December 2017, despite of a 3% reduction in total revenue from approximately RM85.67 million to approximately RM83.14 million.

The increase in net profit was mainly attributable to (i) the decrease in non-recurring listing expenses incurred on professional and consultancy fees in preparation for the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited (the "Listing") in prior year by approximately RM7.30 million and (ii) the increase in unrealised foreign exchange gain by approximately RM3.55 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 2018, the Group had a monthly average number of staff of 1,427 (2017: 1,446). Total staff costs incurred by the Group for the year ended 31 December 2018 were approximately RM56.27 million (2017: approximately RM58.34 million), representing approximately 67.7% of the total revenue of the Group for the year ended 31 December 2018 (2017: 68.1%). 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) giving performance linked commissions and incentives based on predetermined sales target to attract and retain sufficient number of competent staff, in particular our telemarketing sales representatives; and (ii) taking appropriate corrective action and re-training to further improve the quality of the services provided by our telemarketing sales representatives.

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 66.6% of the total revenue for the year ended 31 December 2018 (2017: approximately 68.5%). All the five largest clients are in the insurance sector.

The Group may be subject to the risk of delay in payment 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 status from time to time in order to fully recover the outstanding amounts due from our clients. As at 31 December 2018, the trade receivables were approximately RM15.53 million. Subsequent to 31 December 2018 and up to the date of this report, approximately RM13.06 million or 84.1% of the outstanding balances of trade receivables 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 2018 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 2018, we had a total of 1,341 employees, comprising 546 male colleagues and 795 female colleagues.

The Group understands the importance of maintaining a good relationship with its clients and suppliers in order to meet its immediate and long-term business goals. All of our five largest clients are in the insurance industry. As at 31 December 2018, all of our five largest clients and suppliers have a length of relationship with our Company for more than five years. During the year ended 31 December 2018, we usually grant our clients a credit term of 30 days, and our suppliers usually grant us a credit term of 7 to 30 days. During the year ended 31 December 2018, there were no material and significant disputes between the Group and its clients and suppliers.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2018, we recorded total revenue of approximately RM83.14 million, representing a decrease of approximately 3.0% as compared with approximately RM85.67 million for the year ended 31 December 2017. Meanwhile, our total staff costs incurred by the Group for the year ended 31 December 2018 were approximately RM56.27 million, representing a decrease of approximately RM2.07 million as compared to the amount for the corresponding year ended 31 December 2017. Such decrease was primarily due to the decrease in the monthly average number of staff from 1,446 for the year ended 31 December 2017 to 1,427 for the year ended 31 December 2018. The current ratio of the Group increased from 12.7 as at 31 December 2017 to 14.5 as at 31 December 2018 and the gearing ratio of the Group decreased from 1.2% as at 31 December 2017 to 0.8% as at 31 December 2018. The two ratios indicate that the Group preserved a stronger liquidity position during the year ended 31 December 2018, which is consistent with the business nature of the Group.

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" 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 form 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.

The Group expects the overall outlook for the domestic market remains stable and resilient. The Group is in the pipeline to kick start a number of new programmes in 2019 with a new financial institution database sponsor.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

	2018 RM'000	2017 RM'000
Industry sector		
Insurance	**69,746**	73,668
Banking and financial	**4,855**	6,410
Others	**8,539**	5,591
	83,140	85,669

For the year ended 31 December 2018, the Group recorded a revenue of approximately RM83.14 million, representing a decrease of approximately RM2.53 million or 3.0% as compared with approximately RM85.67 million for the corresponding year ended 31 December 2017. Such decrease in revenue was attributable to the decrease in the number of workstations ordered by our clients from, in particular, the insurance, banking and financial sectors, but was offset by more orders from other clients, particularly charitable organisations.

The overall average number of workstation orders per month decreased from approximately 1,172 for the year ended 31 December 2017 to approximately 1,139 for the year ended 31 December 2018. Revenue generated per workstation per month remained relatively stable for the years ended 31 December 2018 and 2017, which were approximately RM6,083 and RM6,091, respectively.

Other income

For the year ended 31 December 2018, other income increased by approximately RM0.03 million or 4.1% as compared to prior year, from approximately RM0.74 million to approximately RM0.77 million, primarily due to higher interest income from pledged bank deposits.

Other gains and losses

For the year ended 31 December 2018, other gains and losses increased by approximately RM3.47 million as compared to prior year, from losses of approximately RM2.47 million to gains of approximately RM1.00 million, primarily due to the increase in unrealised foreign exchange gain by approximately RM3.55 million.

Staff costs

For the year ended 31 December 2018, staff costs decreased by approximately RM2.07 million or 3.5%, from approximately RM58.34 million to approximately RM56.27 million. This was mainly due to the decrease in the monthly average number of staff from 1,446 for the year ended 31 December 2017 to 1,427 for the year ended 31 December 2018.

The decrease in the average number of staff was in line with the decrease in the number of workstations ordered by our clients.

Depreciation

For the year ended 31 December 2018, depreciation charges decreased by approximately RM0.27 million or 20.3%, from approximately RM1.33 million to approximately RM1.06 million. The decrease in the depreciation charges was mainly due to increase in the amount of fully depreciated property, plant and equipment during the year.

Other operating expenses

For the year ended 31 December 2018, other operating expenses decreased by approximately RM6.35 million or 33.9%, from approximately RM18.73 million to approximately RM12.38 million. The decrease was primarily due to the decrease in non-recurring listing expenses incurred on professional and consultancy fees in preparation for the Listing in prior year by approximately RM7.30 million.

Finance costs

For the year ended 31 December 2018, finance costs decreased by approximately RM0.20 million or 71.4%, from approximately RM0.28 million to approximately RM0.08 million. The decrease was primarily due to the decrease in bank overdraft interest on lower utilisation of bank overdraft facilities during the year.

Income tax expenses

No income tax expenses provision was required for the year ended 31 December 2018 as the Group did not generate any assessable profits arising from the year ended 31 December 2018. A subsidiary of the Group is entitled for tax exemption from its statutory income in Malaysia for a period of 5 years from 10 February 2015 to 9 February 2020.

Net profit and net profit margin

As a result of the above factors, the Group recorded a profit after tax of approximately RM15.13 million and RM5.26 million for the years ended 31 December 2018 and 2017 respectively. Net profit margin was approximately 18.2% and 6.1% for the years ended 31 December 2018 and 2017, respectively. The increase in net profit margin by 12.1% 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 in prior year.

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. For the year ended 31 December 2018, the Group generated net cash inflow from operating activities of approximately RM23.35 million (2017: approximately RM2.82 million). The Group was able to fulfil its repayment obligations when they became due. The Group did not experience any material difficulties in rolling over its banking facilities.

Banking facilities and finance lease payables

As at 31 December 2018 and 2017, the Group has available and unutilised facilities from banks amounting to RM5.00 million. The carrying amount of the Group's facilities are denominated in Malaysian Ringgit.

The Group's average effective interest rate for the banking facilities is 8.80% (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 31 December 2018, the Group has an aggregate of current and non-current finance lease obligations of approximately RM0.78 million (2017: approximately RM0.96 million), all denominated in Malaysian Ringgit whereas the average effective interest rate for finance lease is 5.14% (2017: 5.13%) secured by the lessor's title to the leased assets.

Capital Structure

As at 31 December 2018, the Group's total equity and liabilities amounted to approximately RM95.22 million and RM7.47 million respectively (2017: approximately RM80.09 million and RM7.35 million respectively).

Gearing ratio

The gearing ratio of the Group as at 31 December 2018 was 0.8% (2017: 1.2%) which is calculated based on the total debt divided by equity attributable to equity holders of the Company, and total debt represents finance lease payables. The Group has a strong liquidity position to meet its operation needs.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")

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 IPO of the Company were approximately HK$109.7 million after the deduction of related listing expenses. The intended use of proceeds has been consistent with the disclosure in the prospectus of the Company dated 22 June 2017. Up to 31 December 2018, the respective use of the net proceeds is as follows:

Intended applications	Actually net proceeds received RM'000	Amount utilised as at 31 December 2018 RM'000	Amount unutilised as at 31 December 2018 RM'000
Expanding 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	–
Total	60,275	6,027	54,248

The management is now evaluating the best time to proceed with the expansion of outbound contact service business and setup of inbound contact centre, taking into account the market conditions.

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

PLEDGE OF ASSETS

As at 31 December 2018, the Group's banking facilities, which were all denominated in Malaysian Ringgit, were (i) secured by the pledged bank deposits of approximately RM2.97 million (2017: approximately RM2.55 million), and (ii) guaranteed by corporate guarantees of the Company.

CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 31 December 2018 (2017: Nil).

INTEREST RATE RISK

As at 31 December 2018, our Group's pledged bank deposits and finance lease payables bore interest at fixed interest rates and therefore were subject to fair value interest rate risk. Our Group's exposure to cash flow interest rate risk arises from its bank deposits. These deposits bore 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY EXPOSURE

Save and except 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 currency of the Group, Malaysian Ringgit. The Group currently does not have a hedging policy in respect of foreign currency transactions, assets and liabilities. Our management monitors our foreign currency exposure from time to time and will consider hedging significant foreign currency exposure should the need arise.

HUMAN RESOURCES

For the year ended 31 December 2018, the Group had monthly average number of staff of 1,427 (2017: 1,446). Total staff costs incurred by the Group for the year ended 31 December 2018 were approximately RM56.27 million (2017: approximately RM58.34 million).

The employees of the Group are remunerated according to their work 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 bonuses, salary increment and promotion based on regular performance review and annual appraisal.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities (2017: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2018, the Group did not hold any significant investments (2017: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2018, there was no material acquisition or disposal by the Group (2017: Nil).

DIVIDENDS

The Company did not recommend an interim dividend for the year ended 31 December 2018 (2017: RM2 cents per ordinary share).

The Board recommends the payment of a final dividend of RM6 cents per ordinary share for the year ended 31 December 2018 (2017: Nil) and the same will be considered by the shareholders at the forthcoming annual general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 31 January 2019, UTS Marketing Solutions Sdn. Bhd.("UTS Malaysia"), a wholly-owned subsidiary of the Company, entered into an agreement with Exsim Development Sdn. Bhd.("Exsim") and Mightyprop Sdn. Bhd.("Mightyprop") in relation to a financial assistance. Pursuant to the agreement, UTS Malaysia agreed to provide an advance of RM12,000,000 (the "Advance") to Mightyprop, a wholly-owned subsidiary of Exsim. Exsim and Mightprop are principally engaged in the business of property development in Malaysia.

The Advance is unsecured, interest-bearing at 10% per annum and repayable within 3 months upon expiry of 12 months from the date of Advance. In addition, Exsim agreed to transfer 2 shares of Mightyprop, representing 2% of its entire issued share capital to UTS Malaysia at nominal consideration.

The Advance constituted a discloseable transaction of the Company under the Listing Rules.

Save for the aforesaid, there is no other event subsequent to 31 December 2018 which requires adjustment to or disclosure in this report.

DIRECTORS AND MANAGEMENT PROFILES

DIRECTORS

Executive Directors

Mr. Ng Chee Wai, aged 46, 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 63, 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 50, 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 47, 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 50, is an independent non-executive Director.

Mr. Kow has more than 19 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 47, 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 43, is 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 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 47, 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 45, 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 Implementation consultant for Skillsoft.

Ms. Chai then joined Chubb Insurance Bhd (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 Bhd 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.

SENIOR MANAGEMENT *(continued)*

Ms. Lim Soh Ting, aged 37, 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, she 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 44, 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.

Mr. Woo obtained a Bachelor of Business degree from the University of Southern Queensland, Australia through distance learning in March 1998.

JOINT COMPANY SECRETARIES

Mr. Siu Chun Pong, Raymond (蕭鎮邦), aged 39, 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 14 years of experience in corporate finance and regulatory compliance. He is the founder and senior partner 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 Directors are of the opinion that, during the year ended 31 December 2018, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 December 2018, 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 "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (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. Each Director has a fiduciary duty and statutory responsibilities towards the Company.

The Board oversees the management of the Company and makes decisions 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 interests of the Company and its shareholders as a whole.

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

During the year ended 31 December 2018, the Board comprised six members, including three executive Directors, Mr. Ng Chee Wai (Chairman), Mr. Lee Koon Yew and 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. 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.

BOARD COMPOSITION *(continued)*

During the year ended 31 December 2018, 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 his 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

During the year under review, the Chairman of the Board took a leading role in the day-to-day management and was 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 ("Articles"). The Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to 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 Articles.

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.

NOMINATION POLICY

The secretary of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for director include, inter alia, reputation for integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

DIVERSITY OF THE BOARD

The Company has a board diversity policy to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee monitors the implementation of the board diversity policy to ensure the effectiveness of the board diversity policy.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

During the year ended 31 December 2018, two Board meetings were held and three written resolutions of directors were signed. 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. The individual attendance of the two Board meetings is 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)

All Directors have signed on the written resolutions of directors.

The annual general meeting of the Company was held on 25 May 2018 (the "AGM"). A notice of the AGM was published on the websites of the Stock Exchange and Company on 23 April 2018. All Directors attended the AGM.

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 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 for the year ended 31 December 2018. 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.

ACCOUNTABILITY AND AUDIT AND AUDITOR'S REMUNERATION

The Directors acknowledge their responsibility for the preparation of the consolidated 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 2018. This responsibility has also been mentioned in the Independent Auditor's Report on pages 31 to 34 of this report.

In preparing the consolidated financial statements for the year ended 31 December 2018, 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 consolidated financial statements were prepared on a going concern basis.

The Directors are also responsible for ensuring timely publication of the Group's consolidated 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 2018 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 auditors of the Company about their reporting responsibilities on the Group's consolidated financial statements is set out on pages 33 to 34 of this report. The auditor of the Company, RSM Hong Kong and other network firm, received approximately (i) RM0.44 million for the provision of audit services rendered during the year ended 31 December 2018, (ii) RM0.10 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 2018, 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 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 is effective during the year under review.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company has a dividend policy (the "Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in their long-term development, the financial conditions and business plan of the Group, and the market sentiment and circumstances.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been informed of the requirement under the code provision A6.5 of the CG Code regarding the continuous professional development. A summary of the trainings received by each of the Directors during the year ended 31 December 2018 is as follows:

	Reading journals	Attending seminars
Mr. Ng Chee Wai	✓	N/A
Mr. Lee Koon Yew	✓	N/A
Mr. Kwan Kah Yew	✓	N/A
Mr. Lee Shu Sum Sam	✓	N/A
Mr. Kow Chee Seng	✓	64hr
Mr. Chan Hoi Kuen Matthew	✓	41hr

BOARD COMMITTEES

During the year ended 31 December 2018, 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

For the year ended 31 December 2018, the Audit Committee comprises three independent non-executive Directors, namely Mr. Kow Chee Seng, Mr. Lee Shu Sum Sam and Mr. Chan Hoi Kuen Matthew. 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.

BOARD COMMITTEES *(continued)*

Audit Committee *(continued)*

During the year ended 31 December 2018, the Audit Committee reviewed the Group's annual and interim accounts and the effectiveness of internal control and risk management system. The Audit Committee had performed the following works:

(a) reviewed the annual financial report for the year ended 31 December 2017;

(b) reviewed the financial reports for the six months ended 30 June 2018;

(c) 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

(d) reviewed the effectiveness of the internal control and risk management system.

During the year ended 31 December 2018, two Audit Committee meetings were held on 26 March 2018 and 13 August 2018 respectively. The individual attendance of its members is as follows:

Mr. Kow Chee Seng *(Chairman)*	(2/2)
Mr. Lee Shu Sum Sam	(2/2)
Mr. Chan Hoi Kuen Matthew	(2/2)

Remuneration Committee

During the year ended 31 December 2018, 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 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 2018, one Remuneration Committee meeting was held on 26 March 2018 and one written resolutions of the members of the Remuneration Committee was signed. The individual attendance of its members at the Remuneration Committee meeting is as follows:

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

All Remuneration Committee members have signed on the written resolutions of the Remuneration Committee.

BOARD COMMITTEES *(continued)*

Nomination Committee

During the year ended 31 December 2018, 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 2018, one meeting was held by the Nomination Committee on 26 March 2018. The individual attendance of its members at the Nomination Committee meeting is as follows:

Mr. Lee Shu Sum Sam *(Chairman)*	(1/1)
Mr. Kow Chee Seng	(1/1)
Mr. Chan Hoi Kuen Matthew	(1/1)
Mr. Kwan Kah Yew	(1/1)

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 the 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

Mr. Yau Chung Hang ("Mr. Yau") was the joint company secretary of the Company as at 1 January 2018 and has resigned as the joint company secretary with effect from 5 February 2018. Mr. Yau has confirmed that he has no disagreement with the Board and there are no other matters in relation to his resignation that needs to be brought to the attention of The Stock Exchange or the shareholders of the Company.

Mr. Siu Chun Pong Raymond ("Mr. Siu") has been appointed as the joint company secretary of the Company with effect from 5 February 2018. The biographical detail of Mr. Siu is set out in the section headed "Directors and Management Profiles" of this report. Mr. Wong Weng Yuen continues to remain as another joint company secretary of the Company.

The joint company secretaries took no less than 15 hours of relevant professional training during the year ended 31 December 2018 as required by the Listing Rules.

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, press conferences following the announcements of interim and annual results, regular 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.

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 ensure 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 and press conferences following the announcements of interim and annual 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 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.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2018, there was no amendment to the Company's constitutional documents.

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 secretary 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 Company Secretary, 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

DIRECTORS' REPORT

The Directors are pleased to present the 2018 annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018.

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 clienteles 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 33 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 11 of this report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 35.

The Directors did not recommend a payment of interim dividend for the six months ended 30 June 2018.

The Directors have recommended the payment of final dividend of RM6 cents per ordinary share for the year ended 31 December 2018 and the same will be considered by the shareholders at the forthcoming annual general meeting of the Company.

DONATION

Charitable and other donations made by the Group during the year amounted to approximately RM120,000.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 80 of the annual report. This summary is for information only and does not form part of the audited consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2018, 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 2018, the Company's reserves available for distribution to shareholders amounted to approximately RM92 million.

DIRECTORS' REPORT

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
Mr. Kow Chee Seng
Mr. Chan Hoi Kuen Matthew

Biographical details of the Directors are set out in the section headed "Directors and Management Profiles" on pages 12 to 13 of this report.

According to Article 84(1) of the Articles of Association of the Company, Mr. Ng Chee Wai and Mr. Lee Shu Sum Sam will retire by rotation and, being eligible, will offer themselves for re-election.

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

As at 31 December 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 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 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.

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

As at 31 December 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 Divisions 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 Talent (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 Wisdom (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

Notes:

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 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 Divisions 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.

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 2018.

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 year ended 31 December 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), contractors, suppliers, service providers, agents, customers and business partners 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.

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 if 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 for the year ended 31 December 2018 and up to the date of this 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.

For the year ended 31 December 2018 and 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 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 2018 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. 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.

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 67% of the Group's total revenue and sales to the Group's largest customer was approximately 27% of the Group's total revenue.

During the year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 54% of the Group's total other operating expenses, and the purchases attributable to the Group's largest supplier was approximately 18% of the Group's total other 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 2018.

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.

AUDITOR

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

On behalf of the Board
Ng Chee Wai
Chairman

18 March 2019

INDEPENDENT AUDITOR'S REPORT

RSM

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 35 to 79, which comprise the consolidated statement of financial position as at 31 December 2018, and 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 2018, 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 ("HKSAs") 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 revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition Refer to accounting policy note 4(n) and note 7 to the consolidated financial statements. We identified revenue recognition as a key audit matter due to the significance of the amounts to the consolidated financial statements as a whole. Revenue represents telemarketing services income from promoting financial products, which include insurance, credit cards, personal loans and balance transfers, mainly to banks and insurance companies. For the year ended 31 December 2018, revenue amounted to approximately RM83,140,000.	Our audit procedures in relation to revenue recognition include the following: • obtained an understanding of the basis for revenue recognition and the related processes and procedures adopted by management; • identified the performance obligations and other relevant terms as set out in the telemarketing services agreements; and assessed the Group's revenue recognition criteria with reference to the requirements of the prevailing financial reporting standard; • performed tests of details on sales transactions on a sample basis to verify that revenue was recognised appropriately; and • tested material sales transactions close to the end of the reporting period to assess whether those sales transactions were recorded in the appropriate accounting period in accordance with the Group's revenue recognition policy.

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.

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 HKSAs 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 HKSAs, 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

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

- 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
18 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000
Revenue	*7*	**83,140**	85,669
Other income	*8*	**774**	744
Other gains and losses	*9*	**1,004**	(2,465)
Staff costs		**(56,271)**	(58,341)
Depreciation		**(1,064)**	(1,331)
Other operating expenses		**(12,377)**	(18,730)
Profit from operations		**15,206**	5,546
Finance costs	*11*	**(75)**	(278)
Profit before tax		**15,131**	5,268
Income tax expenses	*12*	**(4)**	(11)
Profit and total comprehensive income for the year	*13*	**15,127**	5,257
Earnings per share			
Basic	*16(a)*	**RM3.78 cents**	RM1.51 cents
Diluted	*16(b)*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 RM'000	2017 RM'000
Non-current assets			
Property, plant and equipment	*17*	**3,086**	3,819
Current assets			
Trade receivables	*18*	**15,533**	22,245
Other receivables	*19*	**1,109**	1,401
Tax recoverable		**109**	71
Pledged bank deposits	*20*	**2,965**	2,552
Bank and cash balances	*20*	**79,888**	57,352
		99,604	83,621
Current liabilities			
Accruals and other payables	*21*	**6,692**	6,396
Finance lease payables	*22*	**183**	173
		6,875	6,569
Net current assets		**92,729**	77,052
Total assets less current liabilities		**95,815**	80,871
Non-current liabilities			
Finance lease payables	*22*	**599**	782
NET ASSETS		**95,216**	80,089
Capital and reserves			
Share capital	*25*	**2,199**	2,199
Reserves		**93,017**	77,890
TOTAL EQUITY		**95,216**	80,089

Approved by the Board of Directors on 18 March 2019 and signed on its behalf by:

Ng Chee Wai **Lee Koon Yew**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital RM'000	Share premium account RM'000	Merger reserve RM'000	Retained profits RM'000	Total RM'000
As at 1 January 2017	250	–	–	17,520	17,770
Total comprehensive income for the year	–	–	–	5,257	5,257
Issue of ordinary shares pursuant to the Reorganisation (note 25(c))	–*	–	–	–	–*
Effect from group reorganisation	(250)	–	250	–	–
Share capitalisation (note 25(e))	1,649	(1,649)	–	–	–
Issue of new shares pursuant to public offer (note 25(f))	550	75,324	–	–	75,874
Cost of issuing new shares pursuant to public offer	–	(5,812)	–	–	(5,812)
Dividend paid (note 15)	–	–	–	(13,000)	(13,000)
Changes in equity for the year	1,949	67,863	250	(7,743)	62,319
As at 31 December 2017 and 1 January 2018	**2,199**	**67,863**	**250**	**9,777**	**80,089**
Total comprehensive income and changes in equity for the year	**–**	**–**	**–**	**15,127**	**15,127**
As at 31 December 2018	**2,199**	**67,863**	**250**	**24,904**	**95,216**

* Represents the amount less than RM1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**15,131**	5,268
Adjustments for:		
Depreciation	**1,064**	1,331
Finance costs	**75**	278
Interest income	**(101)**	(76)
Gain on disposal of property, plant and equipment	**–**	(86)
Other payables written back	**(82)**	(79)
Operating profit before working capital changes	**16,087**	6,636
Decrease/(increase) in trade receivables	**6,712**	(6,820)
Decrease in other receivables	**292**	1,633
Increase in accruals and other payables	**378**	1,598
Cash generated from operations	**23,469**	3,047
Finance lease charges paid	**(44)**	(54)
Interest paid	**(31)**	(224)
Income taxes (paid)/refunded	**(42)**	50
Net cash generated from operating activities	**23,352**	2,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in pledged bank deposits	**(413)**	(431)
Purchases of property, plant and equipment	**(331)**	(2,405)
Interest received	**101**	76
Proceeds from disposal of property, plant and equipment	**–**	164
Net cash used in investing activities	**(643)**	(2,596)
CASH FLOWS FROM FINANCING ACTIVITIES		
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	**(173)**	(163)
Dividend paid	**–**	(13,000)
Net cash (used in)/generated from financing activities	**(173)**	56,899
NET INCREASE IN CASH AND CASH EQUIVALENTS	**22,536**	57,122
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**57,352**	230
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**79,888**	57,352
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**79,888**	57,352

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 at 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 33 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.

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 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments;

(ii) HKFRS 15 Revenue from Contracts with Customers; and

(iii) HK(IFRIC) 22 Foreign Currency Transactions and Advance Consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(i) 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 Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. There is no significant impact on the Group's financial position and financial result upon initial application at 1 January 2018.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set below:

(a) Classification

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Under HKFRS 9, the classification for all of the Group's financial assets and financial liabilities measured at amortised cost remain the same. The carrying amounts for all financial assets and financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

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

(a) Application of new and revised HKFRSs *(continued)*

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

(b) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses ("ECLs") 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.

(ii) 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 financial position and financial result upon initial application at 1 January 2018.

(iii) HK(IFRIC 22) Foreign Currency Transactions and Advance Consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC 22) does not have any material impact on the financial position and the financial result of the Group.

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

(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 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015–2017 Cycle	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 HKFRS 16 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 16, 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 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

(i) 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.

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

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

(i) HKFRS 16 Leases *(continued)*

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 30, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to RM1,723,000 as at 31 December 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.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

(ii) 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.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below.

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.

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.

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.

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 entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Group are classified into the category of amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("SPPI"). Interest income from the investment is calculated using the effective interest method.

(g) Trade and other receivables

A receivable is recognised when the group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that 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 for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial guarantee contract

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

— the amount determined in accordance with the ECL model under HKFRS 9; and

— the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(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

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(n) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from telemarketing services is recognised as a performance obligation satisfied over time when the related 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 as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Revenue recognition *(continued)*

Policy prior to 1 January 2018

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(t) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investment in debt instruments that are measured at amortised cost, trade receivables as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Impairment of financial assets *(continued)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— significant increases in credit risk on other financial instruments of the same debtor; and

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Impairment of financial assets *(continued)*

Significant increase in credit risk (continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Impairment of financial assets *(continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Impairment of financial assets *(continued)*

Policy prior to 1 January 2018

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related parties *(continued)*

(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);

(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.

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.

The carrying amount of property, plant and equipment as at 31 December 2018 was approximately of RM3,086,000 (2017: RM3,819,000).

(b) Impairment of trade receivables

Prior to the adoption of HKFRS 9 on 1 January 2018, the management of the Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired. The provision policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of trade receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

As at 31 December 2017, the carrying amount of trade receivables is RM22,245,000.

Since the adoption of HKFRS 9 on 1 January 2018, the management of the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on number of days past due for groups of debtors that have similar loss patterns. The provision matrix is based on management's estimate of the lifetime ECLs to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue trade receivables, customers' repayment history and financial position and an assessment of both current and forecast general economic conditions, all of which involve a significant degree of management judgement.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

As at 31 December 2018, the carrying amount of trade receivables is RM15,533,000.

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 2018, if the Malaysian Ringgit ("RM") had weakened/strengthened 9% (2017: 12%) against HKD with all other variables held constant, consolidated profit after tax for the year and the equity would have been approximately RM5,105,000 higher/lower (2017: RM5,357,000 higher/lower), arising mainly as a result of the foreign exchange gain/loss on bank and cash balances denominated in HKD.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 68% (2017: 54%) of the total trade receivables was due from the Group's four (2017: three) largest customers.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 as at 31 December 2018.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

Trade receivables *(continued)*

Prior to 1 January 2018

Prior to 1 January 2018, an impairment loss was recognised only when there was objective evidence of impairment. At 31 December 2017, no trade receivables was determined to be impaired. The aging analysis of trade debtors that were not considered to be impaired was as follows:

	2017 RM'000
Neither past due nor impaired	8,442
Past due but not impaired	
Up to 3 months	10,901
Over 3 months	2,902
	13,803
Total	22,245

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

Financial assets at amortised cost

All of the Group's financial assets measured at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Management considers 'low credit risk' for financial assets measured at amortised cost when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost includes other receivables.

The Group assessed that there is no significant loss allowance recognised for financial assets at amortised costs in accordance with HKFRS 9 as at 31 December 2018.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(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
At 31 December 2018					
Accruals and other payables	**6,446**	**–**	**–**	**–**	**6,446**
Finance lease payables	**217**	**218**	**430**	**–**	**865**

	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
At 31 December 2017					
Accruals and other payables	5,699	–	–	–	5,699
Finance lease payables	217	218	554	94	1,083

(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. These deposits bear interests at variable rates that vary with the then prevailing market condition.

At 31 December 2018, 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 RM337,000 lower/higher (2017: RM266,000 lower/higher), arising mainly as a result of lower/higher interest on bank deposits.

(e) Categories of financial instruments at 31 December 2018

	2018 RM'000	2017 RM'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**99,275**	83,056
Financial liabilities:		
Financial liabilities at amortised cost	**7,228**	6,654

6. FINANCIAL RISK MANAGEMENT *(continued)*

(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 from contracts with customers for the year from continuing operations is as follows:

	2018 RM'000	2017 RM'000
Revenue from contracts with customers within the scope of HKFRS 15		
— Telemarketing services income	**83,140**	85,669

The Group derives revenue from the transfer of services over time in Malaysia for the years ended 31 December 2018 and 2017.

8. OTHER INCOME

	2018 RM'000	2017 RM'000
Interest income	**101**	76
Rental income	**673**	626
Others	**–**	42
	774	744

9. OTHER GAINS AND LOSSES

	2018 RM'000	2017 RM'000
Gain on disposal of property, plant and equipment	**–**	86
Net foreign exchange gains/(losses)	**922**	(2,630)
Other payables written back	**82**	79
	1,004	(2,465)

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.

Revenue from major customers

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

	2018 **RM'000**	2017 RM'000
Customer A	**22,396**	17,762
Customer B	**10,114**	13,931
Customer C (note i)	**9,016**	N/A
Customer D (note ii)	**N/A**	12,139
Customer E (note ii)	**N/A**	8,500

Notes:

(i) Customer C did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2017.

(ii) Customers D and E did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2018.

11. FINANCE COSTS

	2018 **RM'000**	2017 RM'000
Bank overdraft interests	**31**	224
Finance lease charges	**44**	54
	75	278

12. INCOME TAX EXPENSES

	2018 RM'000	2017 RM'000
Current tax — Malaysian Income Tax		
Provision for the year	–	–
Under-provision in prior years	4	11
	4	11

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) on the estimated taxable profits for the year ended 31 December 2018.

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 years ended 31 December 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.

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

	2018 RM'000	2017 RM'000
Profit before tax	15,131	5,268
Tax at the weighted average tax rate of 24.4% (2017: 41%)	3,697	2,163
Tax effect of income that are not taxable	(155)	(13)
Tax effect of expenses that are not deductible	621	2,268
Tax effect of tax losses not recognised	755	608
Tax effect of temporary differences not recognised	31	(6)
Tax effect of tax preferential period	(4,949)	(5,020)
Under-provision in prior years	4	11
Income tax expenses	4	11

13. PROFIT FOR THE YEAR

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

	2018 RM'000	2017 RM'000
Auditor's remuneration	**459**	462
Listing expenses	**–**	7,297
Operating lease charges in respect of		
— Hire of plant and equipment	**131**	106
— Land and buildings	**2,883**	2,988
	3,014	3,094
Staff costs (including directors' emoluments)		
— Salaries, bonuses and allowances	**49,625**	51,541
— Retirement benefit scheme contributions	**5,919**	6,100
— Social insurance contributions	**727**	700
	56,271	58,341

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 are 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 bonuses RM'000	Retirement benefit scheme contributions RM'000	Social insurance contributions RM'000	Total RM'000
For the year ended 31 December 2018							
Executive Directors							
Mr. Ng Chee Wai	–	624	80	350	147	1	1,202
Mr. Lee Koon Yew *(Chief Executive Officer)*	–	600	80	350	143	1	1,174
Mr. Kwan Kah Yew	–	600	80	350	143	1	1,174
	–	1,824	240	1,050	433	3	3,550
Independent Non-Executive Directors (note i)							
Mr. Lee Shu Sum Sam	80	–	–	–	–	–	80
Mr. Kow Chee Seng	80	–	–	–	–	–	80
Mr. Chan Hoi Kuen Matthew	80	–	–	–	–	–	80
	240	–	–	–	–	–	240

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 bonuses RM'000	Retirement benefit scheme contributions RM'000	Social insurance contributions RM'000	Total RM'000
For the year ended 31 December 2017							
Executive Directors							
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
Independent Non-Executive Directors (note i)							
Mr. Lee Shu Sum Sam	47	–	–	–	–	–	47
Mr. Kow Chee Seng	47	–	–	–	–	–	47
Mr. Chan Hoi Kuen Matthew	47	–	–	–	–	–	47
	141	–	–	–	–	–	141

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2017: Nil).

Note:

(i) Appointed on 14 June 2017

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

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2017: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2017: two) individuals are set out below:

	2018 RM'000	2017 RM'000
Salaries and allowances	**615**	591
Discretionary bonuses	**111**	174
Retirement benefit scheme contributions	**74**	63
Social insurance contributions	**2**	2
	802	830

The emoluments fell within the following bands:

	Number of individuals 2018	2017
HK$500,001 to HK$1,000,000	**2**	2

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 (2017: 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

	2018 RM'000	2017 RM'000
Dividends declared and paid to the then shareholders of a subsidiary of the Company prior to the Listing	**–**	5,000
2017 Interim dividends of RM2 cents per ordinary share paid	**–**	8,000
	–	13,000

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2018 of RM6 cents per ordinary share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming general meeting. The Board did not recommend payment of a final dividend 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:

	2018 RM'000	2017 RM'000
Earnings		
Earnings for the purpose of calculating basic earnings per share	**15,127**	5,257

	2018 '000	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**400,000**	347,397

(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 2018 and 2017.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RM'000	Computer and office equipment RM'000	Telecommunication equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
As at 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 and 1 January 2018	1,870	9,496	2,004	1,378	14,748
Additions	–	323	8	–	331
Disposals	–	(6)	–	–	(6)
As at 31 December 2018	1,870	9,813	2,012	1,378	15,073
Accumulated depreciation					
As at 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 3l December 2017 and 1 January 2018	975	7,603	1,800	551	10,929
Charge for the year	163	547	78	276	1,064
Disposals	–	(6)	–	–	(6)
As at 31 December 2018	1,138	8,144	1,878	827	11,987
Carrying amount					
As at 31 December 2018	732	1,669	134	551	3,086
As at 31 December 2017	895	1,893	204	827	3,819

At 31 December 2018, the carrying amount of motor vehicles held by the Group under finance lease amounted to approximately RM551,000 (2017: RM827,000).

18. TRADE RECEIVABLES

	2018 RM'000	2017 RM'000
Trade receivables	**15,533**	22,245

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:

	2018 RM'000	2017 RM'000
0 to 30 days	**6,522**	8,442
31 to 60 days	**5,726**	7,325
61 to 90 days	**1,968**	2,228
91 to 120 days	**564**	1,348
121 to 180 days	**753**	2,902
	15,533	22,245

As at 31 December 2018, none (2017: none) of the Group's trade receivables was individually or collectively considered to be impaired. The Group does not hold any collateral over these balances.

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

19. OTHER RECEIVABLES

	2018 RM'000	2017 RM'000
Deposits	**869**	888
Prepayments	**185**	494
Others	**55**	19
	1,109	1,401

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

	2018 RM'000	2017 RM'000
RM	**1,016**	1,232
Hong Kong dollars	**48**	124
United States dollars	**45**	45
	1,109	1,401

20. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

	2018 RM'000	2017 RM'000
Pledged bank deposits	**2,965**	2,552
Bank and cash balances	**79,888**	57,352
	82,853	59,904

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

	2018 RM'000	2017 RM'000
RM	**11,464**	3,529
Hong Kong dollars	**68,422**	53,821
United States dollars	**2**	2
	79,888	57,352

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as set out in note 23 to the consolidated financial statements. The deposits are denominated in RM and bear interest at fixed rate ranging from 2.95% per annum to 3.60% per annum (2017: 2.80% per annum to 3.60% per annum) for the year ended 31 December 2018 and therefore are subject to fair value interest rate risk.

21. ACCRUALS AND OTHER PAYABLES

	2018 RM'000	2017 RM'000
Accruals	**1,443**	1,346
Commission payables	**198**	438
Salaries and welfare payables	**4,747**	3,480
Other tax payables	**–**	379
Others	**304**	753
	6,692	6,396

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

	2018 RM'000	2017 RM'000
RM	**6,215**	5,919
Hong Kong dollars	**477**	477
	6,692	6,396

22. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Within one year	**217**	217	**183**	173
After one year but within two years	**218**	218	**193**	183
In the third to fifth years, inclusive	**430**	554	**406**	507
After five years	**–**	94	**–**	92
	865	1,083	**782**	955
Less: Future finance charges	**(83)**	(128)	**N/A**	N/A
Present value of lease obligations	**782**	955	**782**	955
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(183)**	(173)
Amount due for settlement after 12 months			**599**	782

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average remaining lease term is 4 years (2017: 5 years). At 31 December 2018, the average effective borrowing rate was 5.14% (2017: 5.13%). 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 2018 and 2017, the Group's finance lease payables are secured by the lessor's title to the leased assets.

23. BANKING FACILITIES

At 31 December 2018, the Group has available and unutilised facilities from banks amounting to RM5,000,000 (2017: RM5,000,000). These facilities are secured by:

(a) the Group's pledged bank deposits of approximately RM2,965,000 (2017: RM2,552,000); and

(b) corporate guarantees provided by the Company.

24. DEFERRED TAX

As at 31 December 2018, the Group has unused tax losses of approximately RM10,467,000 (2017: RM7,245,000) 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 which can be carried forward against future taxable income will expire within 7 years.

25. SHARE CAPITAL

	Note	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 January 2017	*(a)*	38,000,000	380
Increase in authorised share capital	*(d)*	9,962,000,000	99,620
At 31 December 2017, 1 January 2018 and 31 December 2018		10,000,000,000	100,000

	Note	Number of shares	Amount HK$'000	Equivalents to amount RM'000
Issued and fully paid:				
At 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, 1 January 2018 and 31 December 2018		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.

(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.

25. SHARE CAPITAL *(continued)*

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 2018 is 7% (2017: 8%).

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 banking facilities.

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 2018, 25% (2017: 25%) 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 2018 and 2017.

26. 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 2018, no share options have been granted by the Group under the Share Option Scheme (2017: Nil).

27. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	**2018 RM'000**	2017 RM'000
Non-current assets			
Investment in a subsidiary		**250**	250
Current assets			
Other receivables		**82**	157
Due from subsidiaries		**26,130**	16,569
Bank and cash balances		**68,420**	53,820
		94,632	70,546
Current liabilities			
Accruals and other payables		**476**	477
Net current assets		**94,156**	70,069
NET ASSETS		**94,406**	70,319
Capital and reserves			
Share capital		**2,199**	2,199
Reserves	*27(b)*	**92,207**	68,120
TOTAL EQUITY		**94,406**	70,319

Approved by the Board of Directors on 18 March 2019 and signed on its behalf by:

Ng Chee Wai **Lee Koon Yew**

27. 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 RM'000
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 25(e))	(1,649)	–	–	(1,649)
Issue of new share pursuant to public offer (note 25(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 and 1 January 2018	67,863	250	7	68,120
Profit for the year	–	–	24,087	24,087
At 31 December 2018	67,863	250	24,094	92,207

28. 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.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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 2018 RM'000	Cash flows RM'000	Interest expenses/ finance lease charges RM'000	31 December 2018 RM'000
Borrowings	–	(31)	31	–
Finance lease payables (note 22)	955	(217)	44	782
	955	(248)	75	782

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

30. LEASE COMMITMENTS

The Group as lessee

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 RM'000	2017 RM'000
Within one year	1,410	2,259
In the second to fifth years, inclusive	313	1,107
	1,723	3,366

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 (2017: 2.6 years) and rentals are fixed over the lease terms and do not include contingent rentals.

30. LEASE COMMITMENTS *(continued)*

The Group as lessor

The Group has entered certain leasing agreements to provide workstation equipment facilities to their customers. Rental income earned during the year was approximately RM673,000 (2017: RM626,000).

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2018 **RM'000**	2017 RM'000
Within one year	**114**	110

31. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	2018 **RM'000**	2017 RM'000
Short term employee benefits	**6,559**	5,673
Retirement benefit scheme contributions	**763**	628
Social insurance contributions	**14**	13
Total compensation paid to key management personnel	**7,336**	6,314

32. 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 2018 amounted to approximately RM5,919,000 (2017: RM6,100,000).

33. SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2018 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. ("UTSM")	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

34. EVENTS AFTER THE REPORTING PERIOD

On 31 January 2019, UTSM, a wholly-owned subsidiary of the Company, entered into an agreement with Exsim Development Sdn. Bhd. ("Exsim") and Mightyprop Sdn. Bhd. ("Mightyprop"), to provide an advance of RM12,000,000 ("Advance") to Mightyprop, a wholly owned subsidiary of Exsim. Exsim and Mightyprop are principally engaged in the business of property development in Malaysia.

The Advance is unsecured, interest-bearing at 10% per annum and repayable within 3 months upon expiry of 12 months from the date of Advance. In addition, Exsim agreed to transfer 2 shares of Mightyprop, representing 2% of its entire issued share capital to UTSM at nominal consideration. Details of the transactions are set out in the Company's announcement dated 31 January 2019.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years are as follows.

	Year ended 31 December				
	2018 **RM'000**	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Results					
Revenue	**83,140**	85,669	73,161	69,005	57,939
Other income	**774**	744	671	502	406
Other gains and losses	**1,004**	(2,465)	163	141	75
Staff costs	**(56,271)**	(58,341)	(44,795)	(40,326)	(33,535)
Depreciation	**(1,064)**	(1,331)	(1,343)	(1,481)	(1,888)
Other operating expenses	**(12,377)**	(18,730)	(13,291)	(8,755)	(8,110)
Profit from operations	**15,206**	5,546	14,566	19,086	14,887
Finance costs	**(75)**	(278)	(248)	(51)	(55)
Profit before tax	**15,131**	5,268	14,318	19,035	14,832
Income tax (expenses)/credit	**(4)**	(11)	(3)	(3)	77
Profit and total comprehensive income for the year	**15,127**	5,257	14,315	19,032	14,909
Profit and total comprehensive income attributable to:					
Owners of the Company	**15,127**	5,257	14,302	19,050	14,945
Non-controlling interests	**–**	–	13	(18)	(36)
	15,127	5,257	14,315	19,032	14,909

	As at 31 December				
	2018 **RM'000**	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Assets and liabilities					
Non-current assets	**3,086**	3,819	2,823	2,841	3,921
Current assets	**99,604**	83,621	23,365	18,896	18,221
Non-current liabilities	**(599)**	(782)	(955)	(586)	(787)
Current liabilities	**(6,875)**	(6,569)	(7,463)	(5,404)	(8,284)
Net assets	**95,216**	80,089	17,770	15,747	13,071
Equity attributable to:					
Owners of the Company	**95,216**	80,089	17,770	15,768	13,074
Non-controlling interests	**–**	–	–	(21)	(3)
	95,216	80,089	17,770	15,747	13,071

Note:

The summary of the consolidated result 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.