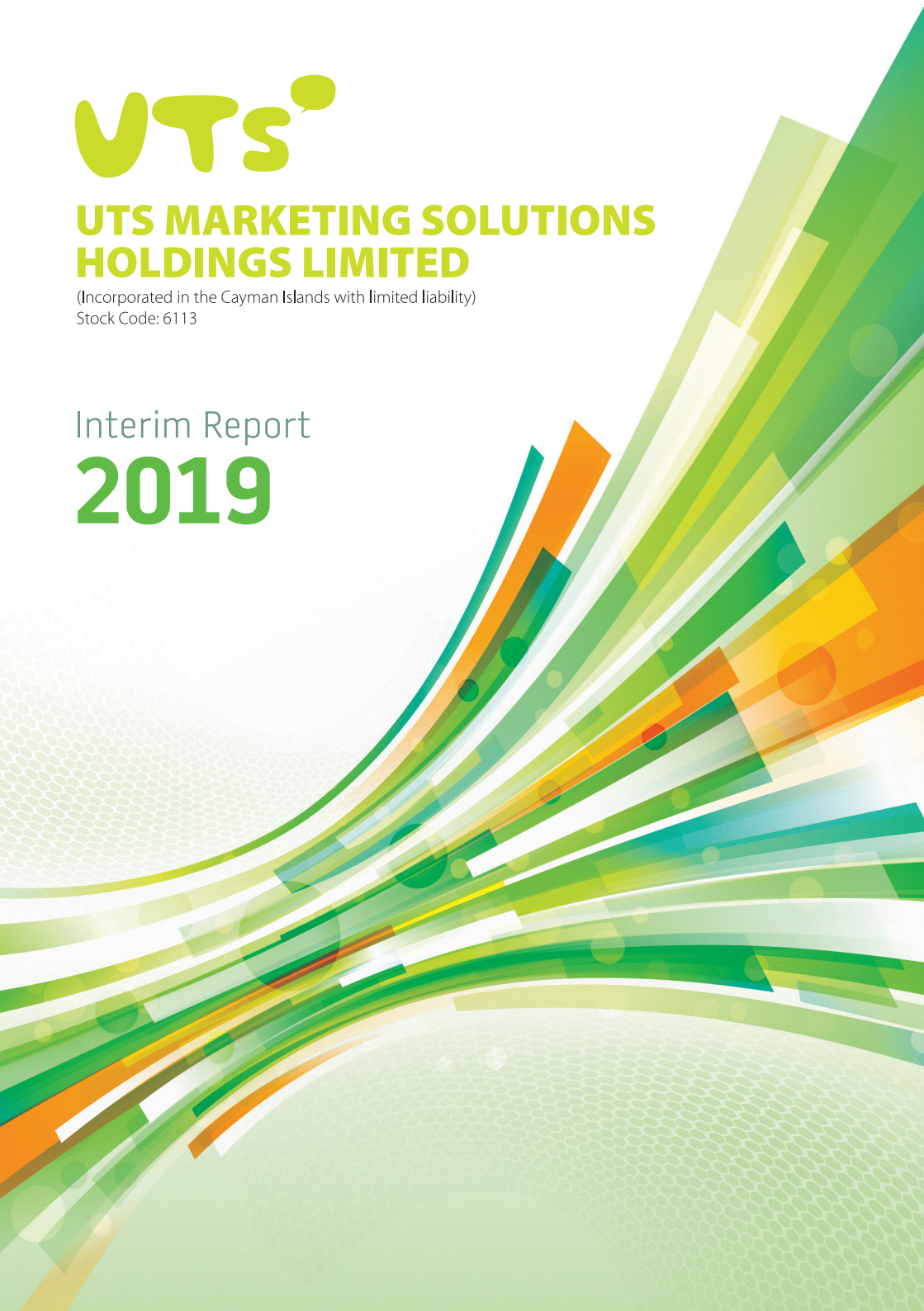




UTS MARKETING SOLUTIONS HOLDINGS LIMITED

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

Interim Report
2019



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CORPORATE INFORMATION

(as at 30 June 2019)

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS IN MALAYSIA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

JOINT COMPANY SECRETARIES

Mr. Siu Chun Pong Raymond
Mr. Wong Weng Yuen

AUTHORISED REPRESENTATIVES

Mr. Kwan Kah Yew
Mr. Chan Hoi Kuen Matthew

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, 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

INDEPENDENT REVIEW REPORT



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

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 20 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

RSM Hong Kong

Certified Public Accountants

29th Floor

Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

30 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	Six months ended 30 June	
		2019 RM'000 (unaudited)	2018 RM'000 (unaudited)
Revenue	4	39,037	45,042
Other income		1,576	385
Other gains and losses		389	(366)
Staff costs		(27,982)	(28,897)
Depreciation		(1,106)	(518)
Other operating expenses		(5,187)	(6,502)
Profit from operations		6,727	9,144
Finance costs		(789)	(53)
Profit before tax		5,938	9,091
Income tax expense	5	-	-
Profit and total comprehensive income for the period	6	5,938	9,091
		RM	RM
Earnings per share	8		
Basic		1.48 cents	2.27 cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Note	30 June 2019 RM'000 (unaudited)	31 December 2018 RM'000 (audited)
Non-current assets			
Property, plant and equipment	9	2,912	3,086
Right-of-use assets	10	2,881	–
Subleasing receivables		445	–
Financial assets at amortised cost	11	14,545	–
		20,783	3,086
Current assets			
Trade receivables	12	18,728	15,533
Other receivables		1,191	1,109
Financial assets at amortised cost	11	12,077	–
Tax recoverable		55	109
Pledged bank deposits		3,206	2,965
Bank and cash balances		30,277	79,888
		65,534	99,604
Current liabilities			
Accruals and other payables		5,555	6,692
Lease liabilities		1,957	–
Finance lease payables		–	183
		7,512	6,875
Net current assets		58,022	92,729
Total assets less current liabilities		78,805	95,815
Non-current liabilities			
Lease liabilities		1,737	–
Finance lease payables		–	599
		1,737	599
NET ASSETS		77,068	95,216

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION(continued)

AT 30 JUNE 2019

	Note	30 June 2019 RM'000 (unaudited)	31 December 2018 RM'000 (audited)
Capital and reserves			
Share capital	13	2,199	2,199
Reserves		74,869	93,017
TOTAL EQUITY		77,068	95,216

Approved by the Board of Directors on 30 August 2019 and are signed on its behalf by:

Ng Chee Wai
Director

Lee Koon Yew
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share capital RM'000	Share premium account RM'000	Merger reserve RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2018 (audited)	2,199	67,863	250	9,777	80,089
Total comprehensive income and changes in equity for the period	-	-	-	9,091	9,091
At 30 June 2018 (unaudited)	2,199	67,863	250	18,868	89,180
At 31 December 2018 (audited)	2,199	67,863	250	24,904	95,216
Adjustments in initial application of — HKFRS 16 (note 2)	-	-	-	(86)	(86)
Restated balance at 1 January 2019	2,199	67,863	250	24,818	95,130
Total comprehensive income for the period	-	-	-	5,938	5,938
2018 final dividend declared and paid (note 7)	-	-	-	(24,000)	(24,000)
Changes in equity for the period	-	-	-	(18,062)	(18,062)
At 30 June 2019 (unaudited)	2,199	67,863	250	6,756	77,068

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	RM'000	RM'000
	(unaudited)	(unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,001	7,457
Loans advance to third parties	(26,000)	–
Purchases of property, plant and equipment	(794)	(215)
Other investing cash flows (net)	25	(178)
NET CASH USED IN INVESTING ACTIVITIES	(26,769)	(393)
Principal elements of lease payments (2018: Repayment of finance lease payables)	(843)	(86)
Dividend paid	(24,000)	–
NET CASH USED IN FINANCING ACTIVITIES	(24,843)	(86)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(49,611)	6,978
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	79,888	57,352
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	30,277	64,330
Bank and cash balances	30,277	64,330

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

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

These condensed consolidated financial statements should be read in conjunction with the 2018 annual consolidated financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2018 except as stated below.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted HKFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Lessor accounting under HKFRS 16 is substantially unchanged under HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated — i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*
HKFRS 16 Leases *(continued)*

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC)-Int 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Group leases many assets, including properties and motor vehicles.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment and office equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use assets relate to the following types of assets:

	Balance as at	
	30 June	1 January
	2019	2019
	RM'000	RM'000
Properties	2,468	670
Motor vehicles	413	551
Total right-of-use assets	2,881	1,221

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*
HKFRS 16 Leases *(continued)*

(b) As a lessee *(continued)*

Significant accounting policies

The Group recognises a right-of-use assets and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified property leases as operating leases under HKAS 17. These include office premises. The leases typically run for a period of 2-3 years.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if HKFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application — the Group applied this approach to all its property leases.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of items of motor vehicles. These leases were classified as finance leases under HKAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under HKAS 17 immediately before that date.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*
HKFRS 16 Leases *(continued)*

(c) As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group enters into arrangements to sublease an underlying asset to a third party, while the Group retains the primary obligation under the original lease. In these arrangements, the Group acts as both the lessee and lessor of the same underlying asset.

If the property lease is subleased under terms transferring substantially all remaining risks and rewards under the head lease to the lessee in the sublease, the right-of-use asset is derecognised, and a subleasing receivable is recognised and classified as a finance lease. Gain/loss on the derecognised right-of-use asset, if any, is recognised in the profit or loss account as income/ expenses.

During the term of the sublease, the Group recognises both finance income on the sublease and finance costs on the head lease.

The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor. However, the Group has applied HKFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

(d) Impacts of financial statements

Impact on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The change in accounting policy affected the following items on the condensed consolidated statement of financial position (increase/ (decrease)) as at 1 January 2019 is summarised below.

	1 January 2019 RM'000
<hr/>	
Assets	
Right-of-use assets	1,221
Subleasing receivables	328
Property, plant and equipment	(551)
<hr/>	
Total assets	998
<hr/>	
Liabilities	
Finance lease payables	(782)
Lease liabilities	1,866
<hr/>	
Total liabilities	1,084
<hr/>	
Equity	
Retained earnings	(86)
<hr/>	

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*
HKFRS 16 Leases *(continued)*

(d) Impacts of financial statements *(continued)*

Impact on transition *(continued)*

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 4.75%.

	1 January 2019 RM'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	1,723
Less: Recognition exemption for leases with less than 12 months of leases term at transition	(600)
Gross operating lease obligations at 1 January 2019	1,123
Less: Discounting	(39)
Lease liabilities relating to operating leases, discounted at relevant incremental borrowing rates upon application of HKFRS 16 at 1 January 2019	1,084
Add: Obligations under finance leases recognised at 31 December 2018	782
Lease liabilities recognised as at 1 January 2019	1,866
Of which are:	
Current lease liabilities	958
Non-current lease liabilities	908
	1,866

Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised approximately RM426,000 of right-of-use assets, approximately RM215,000 of subleasing receivables and approximately RM701,000 of lease liabilities as at 30 June 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised approximately RM244,000 of depreciation charges, approximately RM7,000 of finance income and approximately RM22,000 of finance costs from these leases.

3. FAIR VALUE MEASUREMENTS

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

4. REVENUE AND SEGMENT INFORMATION

Operating segment information

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

As the Group is principally engaged in the provision of telemarketing services in Malaysia, which are subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group’s chief operating decision maker considers the performance assessment of the Group should be based on the profit before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of Hong Kong Financial Reporting Standard 8 “Operating Segments”.

Geographical information

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

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RM’000	RM’000
	(unaudited)	(unaudited)
Current tax — Malaysian Income Tax	–	–

Malaysian income tax is calculated at the statutory tax rates of 24% on the estimated taxable profits for the six months ended 30 June 2019 and 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 six months ended 30 June 2019 and 2018.

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

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

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	RM'000	RM'000
	(unaudited)	(unaudited)
Loss on disposals of property, plant and equipment	32	–
Operating lease charges in respect of		
— Hire of plant and equipment	62	69
— Land and buildings	780	1,483
	842	1,552
Staff costs (including directors' emoluments)		
— Salaries, bonuses and allowances	24,599	25,439
— Retirement benefit scheme contributions	3,038	3,076
— Social insurance contributions	345	382
	27,982	28,897

7. DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2019.

The final dividend of RM24,000,000 for the year ended 31 December 2018 was proposed in March 2019 and paid in June 2019.

8. EARNINGS PER SHARE

Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2019 of approximately RM5,938,000 (30 June 2018: approximately RM9,091,000) and the weighted average number of 400,000,000 (30 June 2018: 400,000,000) ordinary shares in issue during the period.

Diluted earnings per share

No diluted earnings per share are presented as there are no dilutive potential ordinary shares during the six months ended 30 June 2019 and 2018.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment with a cost of approximately RM794,000 (30 June 2018: approximately RM215,000). Property, plant and equipment with a net book value of approximately RM35,000 (30 June 2018: RM Nil) were disposed of during the six months ended 30 June 2019 and resulting a loss on disposal of approximately RM32,000 (30 June 2018: RM Nil).

Property, plant and equipment decreased by approximately RM551,000 on 1 January 2019 following the adoption of HKFRS 16, see note 2 for details.

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2019, the Group entered into certain new lease agreements for use of office premises for 2-3 years. The Group makes fixed payments during the contract period. On lease commencement, the Group recognised approximately RM2,384,000 of right-of-use assets and lease liabilities.

11. FINANCIAL ASSETS AT AMORTISED COST

	30 June 2019 RM'000 (unaudited)	31 December 2018 RM'000 (audited)
Loan receivables	25,885	–
Interest receivables	737	–
	26,622	–
Analysed as:		
Current assets	12,077	–
Non-current assets	14,545	–
	26,622	–

The amounts represent loan advanced to independent third parties with aggregated principal values of RM26,000,000.

On 31 January 2019, UTS Marketing Solutions Sdn. Bhd. ("UTSM"), a wholly-owned subsidiary of the Company, entered into a shares sale agreement with Exsim Development Sdn. Bhd. ("Exsim") and Mightyprop Sdn. Bhd. ("Mightyprop") to acquire 2% of Mightyprop issued ordinary shares from Exsim with a purchase consideration of RM2. In addition, UTSM agreed to provide an advance of RM12,000,000 to Mightyprop. The advance is unsecured, bearing interest rate of 10% per annum and repayable on or before May 2020. In July 2019, an agreement was entered by UTSM with Exsim and Mightyprop in which the maturity date of the loan is extended to June 2020 and the interest rate remains unchanged.

On 23 April 2019, UTSM entered into a shares subscription agreement with 2 individuals, Performance Consortium Sdn. Bhd. (collectively referred as "Arcadia's Shareholders") and Arcadia Hospitality Sdn. Bhd. ("Arcadia"). Pursuant to the agreement, UTSM agreed to subscribe equivalent to 10% of the enlarged issued share capital of Arcadia with a purchase consideration of RM120,000 from Arcadia's Shareholders. In addition, UTSM agreed to provide an advance of RM14,000,000 to Arcadia. The advance is unsecured, bearing interest rate of 10% per annum and repayable on or before July 2020. The share acquisition has not yet been completed as at the date of issuance of these condensed consolidated financial statements.

Further details of the above transaction are set out in the Company's announcement dated 31 January 2019, 23 April 2019 and 8 July 2019 respectively.

The Group holds the loan receivables to collect contractual cash flows and its contractual terms give rise to cash flows on specified dates which are solely payments of principal and interest on the principal amounts outstanding. The Group applies expected credit loss model to measure the impairment of financial assets at amortised cost. No impairment allowance was recognised for the six months ended 30 June 2019.

12. TRADE RECEIVABLES

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

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

	30 June 2019 RM'000 (unaudited)	31 December 2018 RM'000 (audited)
0 to 30 days	6,545	6,522
31 to 60 days	6,702	5,726
61 to 90 days	3,178	1,968
91 to 120 days	1,665	564
121 to 180 days	638	753
	18,728	15,533

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000	
Authorised:			
Ordinary shares of HK\$0.01 each			
At 31 December 2018, 1 January 2019 and 30 June 2019			
	10,000,000,000	100,000	
Number of shares			
Amount HK\$'000			
Equivalent to amount RM'000			
Issued and fully paid:			
Ordinary shares of HK\$0.01 each			
At 31 December 2018, 1 January 2019 (audited) and 30 June 2019 (unaudited)			
	400,000,000	4,000	2,199

14. RELATED PARTY TRANSACTIONS**Compensation of key management personnel of the Group:**

	Six months ended 30 June	
	2019	2018
	RM'000	RM'000
	(unaudited)	(unaudited)
Short term employee benefits	3,208	2,516
Retirement benefit scheme contributions	679	443
Social insurance contributions	7	7
Total compensation paid to key management personnel	3,894	2,966

15. SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

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

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

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

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2019 (31 December 2018: Nil).

17. EVENTS AFTER REPORTING PERIOD

As referred to note 11 to the condensed consolidated financial statement, UTSM, Exsim and Mightyprop entered into an agreement on 1 July 2019 to amend the terms in the shares sale agreement that (i) the proposed transfer of 2% shareholding in Mightyprop by Exsim to UTSM will not be proceeded due to non-fulfillment of certain conditions precedent; and (ii) the repayment date of loan advance to Mightyprop is extended to 12 months from 1 July 2019 with interest rate remains unchanged.

18. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

As at 30 June 2019, the Group was operating six contact centers situated within the central business district of Kuala Lumpur, Malaysia with approximately 1,360 employees.

The Group's net profit for the six months ended 30 June 2019 amounted to approximately RM5.94 million, representing a decrease of approximately RM3.15 million as compared to approximately RM9.09 million for the corresponding six months ended 30 June 2018. The decrease in net profit for the six months ended 30 June 2019 was primarily attributable to the decrease in revenue from the business in Malaysia by approximately RM6.00 million but offset by (i) the increase in other income by approximately RM1.19 million; (ii) the increase in unrealised foreign exchange gain by approximately RM0.76 million; and (iii) the decrease in staff costs by approximately RM0.92 million.

FINANCIAL REVIEW

Revenue

	Six months ended 30 June	
	2019 RM'000	2018 RM'000
Industry sector		
Insurance	33,952	36,017
Banking and financial	2,306	2,180
Others	2,779	6,845
Total	39,037	45,042

For the six months ended 30 June 2019, the Group recorded a revenue of approximately RM39.04 million, representing a decrease of approximately 13.3% as compared with approximately RM45.04 million for the corresponding period in 2018. Such decrease was attributable to the decrease in the number of workstations ordered by our clients, particularly from insurance sector and charitable organisations.

The overall average number of workstation orders per month decreased from approximately 1,193 for the six months ended 30 June 2018 to approximately 1,056 for the six months ended 30 June 2019. The revenue generated per workstation per month decreased from RM6,293 for the six months ended 30 June 2018 to RM6,161 for the six months ended 30 June 2019, representing a slight drop of approximately RM132 per workstation per month.

Other income

For the six months ended 30 June 2019, other income increased substantially by approximately RM1.19 million as compared to the amount of approximately RM0.39 million for the corresponding period in prior year, mainly due to the imputed and accrued interest income generated from the loan advances to two independent third parties with aggregate principal sum of RM26 million. Both loan advances bear interest rate of 10% per annum.

Other gains and losses

For the six months ended 30 June 2019, other gains and losses increased by approximately RM0.76 million as compared to the corresponding period in prior year, from losses of approximately RM0.37 million to gains of approximately RM0.39 million, which was primarily due to an increase in unrealised foreign exchange gains.

Staff costs

For the six months ended 30 June 2019, staff costs decreased by approximately RM0.92 million or 3.2%, from approximately RM28.90 million to approximately RM27.98 million. This was mainly due to a decrease in the number of staff from a monthly average of 1,495 for the six months ended 30 June 2018 to a monthly average of 1,396 for the six months ended 30 June 2019 with a relatively stable overall staff costs per staff per month of RM3,340 for the six months ended 30 June 2019 (30 June 2018: RM3,222).

The decrease in the average number of staff was in proportion to the decrease in the number of workstations ordered by our clients but contracted by the relatively stable incidental back office operational staff.

Depreciation

For the six months ended 30 June 2019, depreciation charges increased by approximately RM0.59 million or 113.5%, from approximately RM0.52 million to approximately RM1.11 million. The increase in the depreciation charges was mainly attributable to the result of initial application of HKFRS 16, pursuant to which the Group has recognised depreciation and finance cost, instead of operating lease charges. During the six months ended 30 June 2019, the Group recognised depreciation charges of approximately RM0.72 million from its right-of-use assets of approximately RM2.88 million.

Other operating expenses

For the six months ended 30 June 2019, other operating expenses decreased by approximately RM1.31 million or 20.2%, from approximately RM6.50 million to approximately RM5.19 million. The decrease was primarily due to initial recognition and classification of the Group's leased properties as depreciation and finance costs, instead of operating lease charges as per previously classified.

Finance costs

For the six months ended 30 June 2019, finance costs increased by approximately RM0.74 million from approximately RM0.05 million to approximately RM0.79 million. The increase was primarily due to the imputed interest expense upon inception on the loan advances to independent third parties during the reporting period.

Income tax expense

No income tax expense provision was required for the six months ended 30 June 2019 as the Group did not generate any assessable profits arising from the six months ended 30 June 2019. A subsidiary of the Group is entitled to tax exemption from its statutory income in Malaysia for a period of 5 years from 10 February 2015 to 9 February 2020.

Net profit and net profit margin

As a result of the above factors, the Group recorded a profit after tax of approximately RM5.94 million and RM9.09 million for the six months ended 30 June 2019 and 2018 respectively. Net profit margin was approximately 15.2% and 20.2% for the six months ended 30 June 2019 and 2018 respectively. The decrease in net profit margin by 5.0% was mainly due to decrease in revenue.

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 six months ended 30 June 2019, the Group generated net cash inflow from operating activities of approximately RM2.00 million (30 June 2018: approximately RM7.46 million). The Group was able to repay its obligations when they became due. The Group did not experience any material difficulties in rolling over its banking facilities.

Banking facilities and lease liabilities

As at 30 June 2019, 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 9.38% (31 December 2018: 8.80%). The Group's banking facilities are secured by the pledged bank deposits and guaranteed by corporate guarantees of the Company.

As at 30 June 2019, the Group has an aggregate amount of current and non-current lease liabilities of approximately RM3.69 million (31 December 2018: approximately RM0.78 million), all denominated in Malaysian Ringgit. The average effective interest rate for the lease is 4.83% (31 December 2018: 5.14%). The carrying amount of approximately RM0.69 million (31 December 2018: approximately RM0.78 million) is secured by the lessor's retention of title to the leased assets.

PLEDGE OF ASSETS

As at 30 June 2019, the Group's banking facilities, which were all denominated in Malaysian Ringgit, were (i) secured by the pledged bank deposits of approximately RM3.21 million (31 December 2018: approximately RM2.97 million), and (ii) guaranteed by corporate guarantees of the Company.

GEARING RATIO

The gearing ratio of the Group as at 30 June 2019 was 4.79% (31 December 2018: 0.82%) which is calculated based on the total debt divided by equity attributable to equity holders of the Company, and total debt is lease liabilities. The Group has a strong liquidity position to meet its operational needs.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

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

Ability to secure sufficient labour and control staff cost

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

As at 30 June 2019, the Group had 1,360 employees. Total staff costs incurred by the Group for the six months ended 30 June 2019 were approximately RM27.98 million (30 June 2018: approximately RM28.90 million), representing 71.7% of the revenue of the Group for the six months ended 30 June 2019 (30 June 2018: 64.2%).

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

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

Delay in settlement of bills from the top five 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 70.8% of the total revenue for the six months ended 30 June 2019 (30 June 2018: 64.4%). All the five largest clients are insurance companies.

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.

The Group will continue monitoring the trade receivables collection cycle in order to fully recover the outstanding amounts due from our clients. As at 30 June 2019, the trade receivables were approximately RM18.73 million. Subsequent to 30 June 2019 and up to the date of this report, approximately RM13.84 million or 73.9% of the outstanding balances of trade receivables as at 30 June 2019 have been settled.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 12 July 2017, the Company's shares were listed on the Main Board of the Stock Exchange. A total number of 100,000,000 shares were issued to the public at HK\$1.38 per share for a gross proceeds of HK\$138 million. The total net proceeds raised from the global offering 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 30 June 2019, the respective use of the net proceeds is as follows:

Intended applications	Actual net proceeds received RM'000	Amount utilised as at 30 June 2019 RM'000	Amount unutilised as at 30 June 2019 RM'000
Expanding outbound contact service business	30,137	782	29,355
Setting up inbound contact centre	15,070	–	15,070
Upgrading and enhancing information technology system	9,041	63	8,978
Working capital	6,027	6,027	–
Total	60,275	6,872	53,403

The management is in the process of evaluating the best time to proceed with the expansion of outbound contact centre and setup of inbound contact centre by taking into account the market conditions.

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

CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 30 June 2019.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2019.

ADVANCE TO ENTITIES

On 31 January 2019, UTS Marketing Solutions Sdn. Bhd. ("UTSM"), a wholly-owned subsidiary of the Company, entered into an agreement with Exsim Development Sdn. Bhd. ("Exsim") and Mightyprop Sdn. Bhd. ("Mightyprop") to acquire 2% of the entire issued capital of Mightyprop from Exsim with a purchase consideration at nominal value of RM2. In addition, UTSM agreed to provide an advance of RM12,000,000 to Mightyprop. The advance was unsecured, bearing interest rate of 10% per annum and repayable on or before May 2020. In July 2019, an agreement was entered into by UTSM with Exsim and Mightyprop, pursuant to which the proposed acquisition of 2% shareholding in Mightyprop will not be proceeded, the maturity date of the loan was extended to June 2020 and the interest rate remains unchanged.

On 23 April 2019, UTSM entered into a shares subscription agreement with 2 individuals, Performance Consortium Sdn. Bhd. (collectively referred as "Arcadia's Shareholders") and Arcadia Hospitality Sdn. Bhd. ("Arcadia"). Pursuant to the agreement, UTSM agreed to subscribe for new shares equivalent to 10% of the enlarged issued share capital of Arcadia with a consideration of RM120,000. In addition, UTSM agreed to provide an advance of RM14,000,000 to Arcadia. The advance was unsecured, bearing interest rate of 10% per annum and repayable on or before July 2020. The share subscription has not yet been completed as at the date of this report.

The financial advances to entities under Rule 13.20 of Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the details of the above transactions have been disclosed in the Company's announcements dated 31 January 2019, 23 April 2019 and 8 July 2019 respectively.

As at 30 June 2019, the circumstances giving rise to the disclosure under Rule 13.13 of the Listing Rules exist and the advances by the Group to Mightyprop and Arcadia as at 30 June 2019 amounted to aggregate principal sums of RM26,000,000 with maturity dates on or before June 2020 and July 2020 respectively.

EMPLOYEES AND REMUNERATIONS POLICIES

As at 30 June 2019, the Group had 1,360 (30 June 2018: 1,413) employees. Total staff costs incurred by the Group for the six months ended 30 June 2019 were approximately RM27.98 million (30 June 2018: approximately RM28.90 million).

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

SIGNIFICANT INVESTMENT HELD

As at 30 June 2019, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2019.

FOREIGN CURRENCY EXPOSURE

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

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2019, there was no material acquisition or disposal by the Group.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

There had been no material changes on the business operation of the Group since 31 December 2018.

OUTLOOK AND FUTURE PROSPECTS

The Group's strategic objective is to continue focusing on the following business strategies according to the details as disclosed in the section headed "Business — Our Business Strategies" on pages 92 to 99 of the Prospectus.

- Further strengthen our market position as one of the leading outbound contact service providers in Malaysia by expanding our capacity;
- Capitalise on the potential inbound contact services by setting up an inbound contact centre. The Group plans to penetrate the market of inbound contact services through sourcing clients from our existing clients of outbound contact services which are mainly financial institutions; and
- Upgrade and enhance existing information technology system and develop a comprehensive system for billing and reconciliations services.

The Group expects overall outlook for the domestic market for the second half of 2019 remains stable and resilient. The Group is in the course of commencing a number of new programmes with a new insurer and expect to increase the number of workstations order from existing insurance clients as well as existing banking and financial clients.

In addition, the Group is also in the process of exploring with a few database sponsors from the banking and financial sector on outbound telemarketing services opportunity.

The Group remains optimistic in the financial performance of the Group for the financial year ending 31 December 2019.

OTHER INFORMATION

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

As at 30 June 2019, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or required, pursuant to section 352 of the SFO, to be entered in the register referred to therein are as follows:

Long Positions in the Shares of the Company

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

Notes:

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

Save as disclosed above, as at 30 June 2019, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2019, the persons or corporations other than Directors or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept under section 336 of the SFO, were as follows:

Long Position in the Shares of the Company

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

Notes:

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

Save as disclosed above, as at 30 June 2019, so far as is known to the Directors or chief executive of the Company, no other person (other than the Directors and chief executive of the Company) had any interest and short positions in the shares, underlying shares and debentures of the Company which were required to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or required to be recorded in the register required under section 336 of the SFO as at the date of this report.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 June 2017 and became effective from the Listing Date. No option has been granted, exercised, cancelled or lapsed during the six months ended 30 June 2019.

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

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

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

INTERIM DIVIDENDS

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2019 (30 June 2018: nil).

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 8 July 2019, UTSM, Exsim and Mightyprop entered into an agreement on 1 July 2019 to amend the terms in the shares sale agreement that (i) the proposed transfer of 2% shareholding in Mightyprop by Exsim to UTSM will not be proceeded due to non-fulfillment of certain conditions precedent; and (ii) the repayment date of loan advance to Mightyprop is extended to 12 months from 1 July 2019 with interest rate remains unchanged.

Save for the aforesaid, there is no other event subsequent to 30 June 2019 which requires disclosure in this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders of the Company nor any of their respective close associates that compete or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the six months ended 30 June 2019.

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 to all Directors and they have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2019.

CORPORATE GOVERNANCE CODE

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

The Company has complied with the code provisions included in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules and there has been no deviation from the code provisions as set forth under the CG Code for the six months ended 30 June 2019, save and except code provision C2.5 of the CG Code. The Company does not have an internal audit function as the Board presently considers that the size, nature and complexity of the Group's business does not require such function. The Board reviews and will continue to review the need to set up an independent internal audit function on an annual basis. At current stage, our finance team assumes the responsibility for conducting regular review of internal control procedures. Such an arrangement may be improved, but the Board is not concerned with the lack of segregation of duties by having assumed the current organisational structure, lines of responsibility and authority of the management team and the risks associated with the operations of the Group. The Board considers that the internal control and risk management system of the Group was effective during the six months ended 30 June 2019.

CHANGE OF PARTICULARS OF DIRECTORS

With effect from 1 January 2019, the monthly basic salary of Mr. Ng Chee Wai was increased by 57.7% from RM52,000 to RM82,000 while the monthly basic salaries of Mr. Lee Koon Yew and Mr. Kwan Kah Yew were increased by 60.0% from RM50,000 to RM80,000.

AUDIT COMMITTEE

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

The condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the audit committee, and no disagreement was raised by the audit committee in respect of the accounting treatment adopted by the Group.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have also been reviewed by the Company's auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, whose independent review report is set out on page 3 to 4 of this report.

30 August 2019