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## **UTS MARKETING SOLUTIONS HOLDINGS LIMITED**

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

**(Stock Code: 6113)**

### **SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE ADVANCE TO ENTITIES**

Reference is made to the announcements of UTS Marketing Solutions Holdings Limited (the “**Company**“, together with its subsidiaries, the “**Group**”) dated 31 January 2019, 8 July 2019, 8 July 2020, 10 July 2020, 28 June 2021 and 24 June 2022 in relation to the agreement dated 31 January 2019 entered into between UTS Malaysia, Exsim and Mightyprop regarding the financial assistance to Mightyprop (the “**Mightyprop Advance**”) and the announcements of the Company dated 23 April 2019, 30 December 2020 and 30 December 2021 in relation to the agreement dated 23 April 2019 entered into between UTS Malaysia, Mr. Lim AH, Mr. Lim AK, Performance and Arcadia regarding the financial assistance to Arcadia (the “**Arcadia Advance**”, collectively with Mightyprop Advance as the “**Advances**”) (collectively, the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall denote the same meanings as those defined in the Announcements.

In addition to the information contained in the Announcements, the board (the “**Board**”) of directors of the Company hereby provides to the shareholders of the Company and the potential investors with the following supplemental and updated information on the Advances.

#### **DETAILED REASONS FOR THE ADVANCES**

The Group principally provides telemarketing services of financial products for its clients which are mainly banks and insurance companies. The Group has all along maintained a strong liquidity position. The management of the Company considered that it would be in the interest of the Company and its shareholders to appropriately utilize its financial resources.

Further, the Board considered that the potential return of the Advances were higher than merely depositing the financial resources in commercial banks. Substantial amount of interest has been accrued and received by the Company since the inception of the Advances. Both Mightyprop and Arcadia have fully fulfilled their interest payment obligations.

## **FURTHER INFORMATION OF THE MIGHTYPROP ADVANCE**

Exsim is an investment holding company in Malaysia. Mightyprop is wholly-owned by Exsim and is engaged in property development. The Company knew about Exsim via a business associate and consultant of Mr. Ng Chee Wai, the chairman and executive Director of the Company, with more than 20 years of business relationship. The said business associate has extensive business networks and involvement in Malaysia in the area of property development and property investment. The business arrangement with Exsim offered a golden opportunity for the Group to develop business relationship with Exsim and also gain experiences in the property development and property investment businesses.

Exsim is ultimately owned by Mr. Lim Aik Hoe, Mr. Lim Aik Kiat and Mr. Lim Aik Fu.

Mightyprop is the owner of the leasehold lands located at Damansara-Puchong Highway, PJU 8/8, Damansara Perdana, 47820 Petaling Jaya, Selangor, Malaysia. The site area is approximately 57 acres and will be used for mixed-used development, including, amongst others, residential serviced apartments and affordable housings.

The Board was of the view that equity participation would involve higher risks since it requires the investor to bear the risks of investment. Creditors would usually have a higher priority in the distribution of assets of the borrower against the equity investors. Through arm's length negotiation with Exsim, the Group agreed to acquire 2% of its entire issued capital of Mightyprop at nominal value of RM2 and made an advance of RM12 million to Mightyprop. Due to non-fulfilment of certain conditions precedent, the proposed acquisition of 2% shareholding in Mightyprop by Exsim to the Group will not be proceeded.

The Board further expected that the Company has access to the information relating to the project undertaken by Mightyprop (the "**Mightyprop Project**"). According to the information provided by Mightyprop, the overall booking rate of the Mightyprop Project as at 30 September 2022 was over 90% and the estimated completion date is between the 2nd to 4th quarter of 2024.

## **FURTHER INFORMATION OF THE ARCADIA ADVANCE**

Subsequent to the advance of Mightyprop Advance, the Company still had substantial amount of financial resources. The Company was given to understand that Arcadia was in need of financing for its business and the Company considered that this also offered another business opportunity for the Group. Nevertheless, the Company decided to have more equity investment in the property development company at a higher, but manageable, cost (i.e. RM120,000) as compared with that of Mightyprop. It is expected that, by holding more equity interest in Arcadia, the Company would have more involvement and roles in the project of Arcadia (the "**Arcadia Project**"). The Board expected the Company to sit in board meetings as observer in addition to the information rights.

Arcadia is ultimately owned by Performance Consortium Sdn Bhd, Mr. Lim Aik Hoe and Mr. Lim Aik Kiat. Performance Consortium Sdn Bhd is the controlling shareholder of Arcadia.

Arcadia is the owner of an existing building (the “**Building**”) located in Empire City Damansara of 8 Jalan PJU 8/1, Damansara Perdana, 47820 Petaling Jaya, Selangor, Malaysia which consists of over 280 rooms with aggregate gross floor area of approximately 51,000 square metres.

The Building was proposed to be operated as a hotel. The commencement of operation of hotel of Arcadia has been delayed due to the unexpected outbreak of COVID-19 pandemic. As at 31 July 2022, Arcadia was in the midst of finalising the agreements with the operator. Based on the recent negotiations with the relevant operator, it is proposed to commence hotel operation in or around the year 2024.

## **EXTENSIONS OF THE ADVANCES**

The unexpected outbreak and persistence of the COVID-19 pandemic has interrupted the overall progress of the development projects of Mightyprop and Arcadia. The implementation of various restrictive and control policies in Malaysia, including but not limited to the Movement Control Order, and the global interruption on logistics, business and other arrangements, have caused various difficulties and inconveniences in business operations. Nevertheless, upon discussion with the management of Mightyprop and Arcadia, the Company was of the view that the development projects would still proceed as the situations of COVID-19 continued to improve and business activities started to return to normal. Further, both Mightyprop and Arcadia have all along duly settled the accrued interest in full in a timely manner.

Given that (i) there was progress on the development projects for Mightyprop and Arcadia; (ii) both Advances continued to generate interest income for the Company; and (iii) there was no concrete option available to the Company which it could utilize its financial resources in case the Advances were repaid at the material time, the Company has agreed to grant extensions to the maturity of the Advances.

## **SAFEGUARD OF THE INTEREST OF THE COMPANY**

### **Regular monitoring of the progress of repayment of the Advances**

The Group has performed the following actions in order to ascertain the updated situations of Mightyprop and Arcadia:

- Obtained and reviewed the latest audited financial statements of Mightyprop and Arcadia annually;
- Obtained and reviewed the latest management accounts of Mightyprop and Arcadia semi-annually;
- Obtained and reviewed the status of the Mightyprop Project and the Arcadia Project regularly;
- Conducted the general property market conditions review at regular intervals;
- Engaged an independent third-party consultant for valuation on the expected credit loss of the Advances semi-annually;

- Obtained various market intelligence on Mightyprop and Arcadia;
- Discussed with the management of Mightyprop and Arcadia on the updated status of the Mightyprop Project and the Arcadia Project at regular intervals; and
- Consulted legal advices from its legal advisors and discussed potential options available to the Company to safeguard the assets of the Group.

### **Follow up action on Arcadia Advance**

The Company has issued a demand letter dated 1 August 2022 to Arcadia to follow up on the status of the acquisition of the 10% shareholding interests in Arcadia, failing which, both parties will have to re-negotiate the terms and conditions of the business arrangement in relation thereto. The Company has further requested Arcadia to give a concrete reply in relation to the status of acquisition of Arcadia on or before 31 October 2022. In the event that the acquisition of Arcadia cannot be proceeded with on or before 31 December 2022, the Company will demand for repayment of the Arcadia Advance.

### **Management's assessment on potential impairment**

The expected credit loss of the Mightyprop Advance and the Arcadia Advance as of 30 June 2022 performed by an independent valuer, was RM342,000 and RM270,000 respectively.

The Company has all along been following up with Mightyprop and Arcadia on their repayment capability from time to time. For Mightyprop, given the project has been on the right track, there is no indication that Mightyprop will default on the Mightyprop Advance. For Arcadia, the Company has discussed with the management of Arcadia. Given that Arcadia is a company with substantial assets and there is now a more concrete timetable on the commencement of operation of the hotel as the situation of COVID-19 pandemic continues to improve, the management of the Company considers that no further impairment should be made on the Advances at this stage save for the total impairment losses on expected credit losses of RM612,000 as at 30 June 2022.

By Order of the Board  
**UTS Marketing Solutions Holdings Limited**  
**Ng Chee Wai**  
*Chairman*

Hong Kong, 18 October 2022

*As at the date of this announcement, the executive Directors are Mr. Ng Chee Wai (Chairman), Mr. Lee Koon Yew (Chief Executive Officer) and Mr. Kwan Kah Yew; and the independent non-executive Directors are Mr. Lee Shu Sum Sam, Mr. Kow Chee Seng and Mr. Chan Hoi Kuen Matthew.*