UTS MARKETING SOLUTIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6113)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the "**Board**") of UTS Marketing Solutions Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2024, together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
	Note	***RM'000***	*RM'000*
		(unaudited)	(unaudited)
Revenue	*5*	**46,479**	46,256
Other income		**1,277**	1,410
Other gains and losses		**(127)**	(2,963)
Staff costs		**(29,826)**	(32,209)
Depreciation		**(2,401)**	(2,516)
Other operating expenses	*6*	**(5,806)**	(5,431)
Profit from operations		**9,596**	4,547
Finance costs		**(165)**	(319)
Profit before tax		**9,431**	4,228
Income tax expense	*7*	**(2,483)**	(2,048)
Profit and total comprehensive income for the period	*8*	**6,948**	2,180
		RM	*RM*
Earnings per share	*10*		
Basic		**1.74 cents**	0.55 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Note	30 June 2024 RM'000 (Unaudited)	31 December 2023 RM'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**5,014**	5,224
Right-of-use assets	12	**7,532**	6,934
		12,546	12,158
Current assets			
Trade receivables	13	**21,307**	19,652
Subleasing receivables		**–**	99
Other receivables		**3,403**	3,108
Financial assets at amortised cost	14	**12,427**	18,930
Tax recoverable		**68**	707
Pledged bank deposits		**4,519**	4,141
Bank and cash balances		**14,836**	15,187
		56,560	61,824
Current liabilities			
Accruals and other payables		**5,397**	5,800
Lease liabilities		**3,992**	3,406
Borrowings		**192**	71
Dividend payables		**9,808**	12,000
Current tax liabilities		**241**	234
		19,630	21,511
Net current assets		**36,930**	40,313
Total assets less current liabilities		**49,476**	52,471
Non-current liabilities			
Lease liabilities		**3,238**	3,373
Deferred tax liabilities		**145**	145
		3,383	3,518
NET ASSETS		**46,093**	48,953
Capital and reserves			
Share capital	15	**2,199**	2,199
Reserves		**43,894**	46,754
TOTAL EQUITY		**46,093**	48,953

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act 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 23rd Floor, Plaza See Hoy Chan, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "**Group**") are 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.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 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.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual consolidated financial statements. Except as described below, 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 2023.

3. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

A. New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants — Amendments to HKAS 1;

- Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause — HK Int 5 (Revised);

- Lease Liability in Sale and Leaseback — Amendments to HKFRS 16;

- Supplier Finance Arrangements — Amendments to HKAS 7 and HKFRS 7.

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

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

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting other amended standards or revised interpretation.

B. Impact of new and amended standards issued but not yet adopted by the Group

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. 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.

5. REVENUE AND SEGMENT INFORMATION

The Group's operations and main revenue stream are those described in the last annual consolidated financial statements. The Group's revenue is derived from the transfer of telemarketing services over time in Malaysia.

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.

6. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2024	2023
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Auditor's remuneration	**275**	207
Campaign costs	**1,329**	1,154
Legal and professional fees	**143**	268
Training expenses	**277**	372
Repair and maintenance expenses	**273**	242
Telephone and internet expenses	**–**	173
Utilities expenses	**305**	276
Others	**3,204**	2,739
	5,806	5,431

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Current tax — Malaysian Income Tax	**2,483**	2,048

Malaysian income tax is calculated at the statutory tax rates of 24% (30 June 2023: 24%) on the estimated taxable profits for the six months ended 30 June 2024.

No provision of profit tax in the Cayman Islands, the 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 2024 and 2023.

Tax charge on profits assessable elsewhere has 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.

8. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2024	2023
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Gains on disposals of property, plant and equipment	**(3)**	(4)
Loss on modification of financial assets at amortised cost	**198**	290
Reversal of impairment losses on financial assets at amortised cost #	**(99)**	(35)
Staff costs (including directors' emoluments) *		
— Salaries, bonuses and allowances	**26,105**	28,319
— Retirement benefit scheme contributions	**3,303**	3,442
— Social insurance contributions	**418**	448
	29,826	32,209

\# Due to the recovery of Malaysia's economy and the partial loan repayment of loan advances, there were decreases in credit risk in respect of the collection of loan advances upon their due dates. As a result, reversal of impairment losses on financial assets at amortised cost of approximately RM99,000 (30 June 2023: RM35,000) was made during the period.

* For the period ended 30 June 2024, government grants amounted to approximately RMNil (30 June 2023: RM154,000) have been offset against staff costs.

9. DIVIDEND

	Six months ended 30 June	
	2024	2023
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Special dividend — HK$0.065 (equivalent to RM0.038) per ordinary share	**–**	15,337
Special dividend — HK$0.04 (equivalent to RM0.024) per ordinary share	**9,808**	–
	9,808	15,337

The board has not declared an interim dividend for the six months ended 30 June 2024 and 2023.

10. 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 2024 of approximately RM6,948,000 (30 June 2023: approximately RM2,180,000) and the weighted average number of 400,000,000 (30 June 2023: 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 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with a cost of approximately RM404,000 (30 June 2023: approximately RM582,000). Property, plant and equipment with a net book value of approximately RMNil (30 June 2023: RMNil) were disposed of during the six months ended 30 June 2024, resulting a gain on disposal of approximately RM3,000 (30 June 2023: RM4,000).

12. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group entered into new lease agreements for use of office premises and motor vehicles for 2 to 7 years (30 June 2023: office premises and office equipments for 2 to 3 years). The Group makes fixed payments during the contract period. On lease commencement, the Group recognised approximately RM2,385,000 (30 June 2023: approximately RM1,674,000) of right-of-use asset and approximately RM2,336,000 (30 June 2023: approximately RM1,674,000) of lease liabilities.

13. TRADE RECEIVABLES

The general credit terms of trade receivables are 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 as at the balance sheet date, based on the date of invoice and net of allowance, is as follows:

	30 June 2024 *RM'000* **(unaudited)**	31 December 2023 *RM'000* (audited)
0 to 30 days	**7,364**	8,310
31 to 60 days	**7,965**	8,372
61 to 90 days	**2,517**	1,140
91 to 120 days	**1,217**	1,568
121 to 180 days	**1,405**	262
Over 180 days	**839**	–
	21,307	19,652

14. FINANCIAL ASSETS AT AMORTISED COST

	30 June 2024 *RM'000* **(unaudited)**	31 December 2023 *RM'000* (audited)
Loan receivables	**11,801**	17,898
Interest receivables	**716**	1,221
	12,517	19,119
Less: Impairment losses	**(90)**	(189)
	12,427	18,930

	30 June 2024 *RM'000* **(unaudited)**	31 December 2023 *RM'000* (audited)
Analysed as:		
Current assets	**12,427**	18,930

The amounts represent loan advanced to independent third parties with aggregated principal values of RM12,000,000 (31 December 2023: RM18,000,000).

On 31 January 2019, UTSM 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. In July 2019, an agreement was entered by UTSM with Exsim and Mightyprop in which the proposed transfer of 2% shareholding in Mightyprop by Exsim to UTSM will not be proceeded due to non-fulfillment of certain conditions precedent. The advance is unsecured, bearing interest rate of 12% per annum and repayable on or before 1 July 2024. In June 2024, the repayment date was further extended to 30 June 2025 with the interest rate remains unchanged. Exsim agreed to repay the advance in four equal instalments of RM3,000,000 each across four quarters, with the first payment payable on 30 September 2024 and the last payment payable on 30 June 2025.

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 11% per annum. The advance has been fully settled on 28 June 2024 in accordance with the repayment schedule.

Further details of the above transactions are set out in the Company's announcement dated 31 January 2019, 23 April 2019, 8 July 2019, 8 July 2020, 10 July 2020, 30 December 2020, 28 June 2021, 30 December 2021, 24 June 2022, 18 October 2022, 10 November 2022, 3 July 2023, 27 July 2023 and 3 July 2024 respectively.

The Group holds the loan receivables to collect contractual cash flows and its contractual term give rise to cash flow 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. Reversal of impairment allowance of approximately RM99,000 was recognised for the six months ended 30 June 2024 (30 June 2023: approximately RM35,000).

15. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	10,000,000,000	100,000

	Number of shares	**Amount**	**Equivalent to amount**
		HK$'000	*RM'000*
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 January 2023, 31 December 2023, 1 January 2024 (audited) and 30 June 2024 (unaudited)	400,000,000	4,000	2,199

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2024	2023
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Short term employee benefits	**3,496**	3,583
Retirement benefit scheme contributions	**500**	520
Social insurance contributions	**8**	9
Total compensation paid to key management personnel	**4,004**	4,112

17. 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.

18. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2024 (31 December 2023: Nil).

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 organisations worldwide. As at 30 June 2024, the Group was operating eight contact centers situated within the central business district of Kuala Lumpur, Malaysia and one branch contact center was set up in the state of Melaka, Malaysia.

The Group's net profit for the six months ended 30 June 2024 amounted to approximately RM6.95 million, representing an increase of approximately RM4.77 million as compared to approximately RM2.18 million for the corresponding six months ended 30 June 2023. The increase in net profit for the six months ended 30 June 2024 was primarily attributable to lower staff costs by approximately RM2.38 million and an non-recurring one-off deposit written-off liquidated damages of approximately RM2.69 million.

FINANCIAL REVIEW

Revenue

	Six months ended 30 June	
	2024	2023
	RM'000	*RM'000*
Industry sector		
Insurance	**27,126**	29,861
Banking and financial	**5,728**	3,271
Others	**13,625**	13,124
	46,479	46,256

For the six months ended 30 June 2024, the Group recorded a revenue of approximately RM46.48 million, representing an increase of approximately 0.48% as compared with approximately RM46.26 million for the corresponding period in 2023.

The overall average number of workstation orders per month remained constant at approximately 1,111 for the six months ended 30 June 2024 as compared to approximately 1,114 for the six months ended 30 June 2023. The revenue generated per workstation per month remain relatively unchanged from RM6,920 for the six months ended 30 June 2023 to RM6,972 for the six months ended 30 June 2024.

Other income

For the six months ended 30 June 2024, other income decreased by approximately RM0.13 million as compared to approximately RM1.41 million for the corresponding period in the prior year, mainly due to lower imputed and accrued interest income generated from the loan advances.

Other gains and losses

For the six months ended 30 June 2024, other losses decreased by approximately RM2.84 million as compared to the corresponding period in the prior year, mainly due to non-recurring one-off deposit written off by approximately RM2.69 million in prior year as liquidated damages to the developer upon termination of the acquisition agreements of properties.

Staff costs

For the six months ended 30 June 2024, staff costs decreased by approximately RM2.38 million or 7.39%, from approximately RM32.21 million for the corresponding period in the prior year to approximately RM29.83 million.

The average number of staff decreased from a monthly average of 1,442 for the six months ended 30 June 2023 to 1,330 for the six months ended 30 June 2024.

Overall staff costs per staff per month remained relatively stable at approximately RM3,738 for the six months ended 30 June 2024 as compared to approximately RM3,723 for the six months ended 30 June 2023.

Depreciation

For the six months ended 30 June 2024, depreciation charges decreased by approximately RM0.12 million or 4.76%, from approximately RM2.52 million for the corresponding period in the prior year to approximately RM2.40 million.

Other operating expenses

For the six months ended 30 June 2024, other operating expenses increased by approximately RM0.38 million or 7.00%, from approximately RM5.43 million for the corresponding period in the prior year to approximately RM5.81 million.

The increase was primarily due to higher other expenses relating to short term leases of RM0.20 million and higher software maintenance license fee of RM0.27 million, partially offset by lower telephone and internet expenses of RM0.17 million.

Finance costs

For the six months ended 30 June 2024, finance costs decreased by approximately RM0.16 million from approximately RM0.32 million for the corresponding period in the prior year to approximately RM0.16 million due to lower utilization of overdraft facility.

Income tax expenses

The Group reported an income tax expense provision of RM2.48 million and RM2.05 million from the assessable profits arising during the six months ended 30 June 2024 and 2023 respectively.

Net profit and net profit margin

As a result of the above factors, the Group recorded a profit after tax of approximately RM6.95 million and RM2.18 million for the six months ended 30 June 2024 and 2023 respectively. Net profit margin was approximately 14.9% and 4.7% for the six months ended 30 June 2024 and 2023 respectively.

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 2024, the Group generated net cash inflow from operating activities of approximately RM6.58 million (30 June 2023: approximately RM4.01 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 2024, the Group had available and unutilised facilities denominated in Malaysia Ringgit of approximately RM15.91 million (31 December 2023: approximately RM16 million) from its banks.

The Group's average effective interest rate for the banking facilities is 4.17% (31 December 2023: 8.54%). The Group's banking facilities are secured by the pledged bank deposits and the corporate guarantees provided by the Company.

As at 30 June 2024, the Group had an aggregate amount of current and non-current lease liabilities of approximately RM7.23 million (31 December 2023: approximately RM6.78 million), all denominated in Malaysian Ringgit. The average effective interest rate for the lease was 4.72% (31 December 2023: 4.35%). The carrying amount of approximately RM2.34 million (31 December 2023: approximately RM1.78 million) is secured by (i) the lessor's retention of title of the leased assets and (ii) the corporate guarantees provided by the Company.

Pledge of Assets

As at 30 June 2024, the Group's banking facilities, which were all denominated in Malaysian Ringgit, were secured by (i) the pledged bank deposits of approximately RM4.52 million (31 December 2023: approximately RM4.14 million), and (ii) the corporate guarantees provided by the Company.

Gearing Ratio

The gearing ratio of the Group as at 30 June 2024 was approximately 16.1% (31 December 2023: approximately 14.0%) which is calculated based on the total debt divided by equity attributable to equity holders of the Company, and the total debt represents bank overdrafts and 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 a 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 2024, the Group had 1,326 employees. Total staff costs incurred by the Group for the six months ended 30 June 2024 were approximately RM29.83 million (30 June 2023: approximately RM32.21 million), representing 64.2% of the revenue of the Group for the six months ended 30 June 2024 (30 June 2023: 69.6%).

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

Appropriate trainings are taken by our telemarketing sales representatives to further improve the quality of the services provided.

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. The sales to the five largest clients accounted for approximately 73.7% of the total revenue for the six months ended 30 June 2024 (30 June 2023: approximately 74.5%). All the five largest clients consist of insurance companies and charitable organisation.

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

The Group will continue to monitor the trade receivables collection cycle in order to fully recover the outstanding amounts due from our clients. As at 30 June 2024, the trade receivables were approximately RM21.3 million. Subsequent to 30 June 2024 and up to the date of this announcement, approximately RM15.4 million or 72.3% of the outstanding balances of trade receivables as at 30 June 2024 have been settled.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 June 2024 and 31 December 2023.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024.

ADVANCE TO ENTITIES

Advance to Mightyprop Sdn. Bhd.

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**"). 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 by UTSM with Exsim and Mightyprop, pursuant to which the proposed acquisition of 2% shareholding in Mightyprop would not be proceeded, the maturity date of the loan was extended to June 2020 and the interest rate remained unchanged.

On 8 July 2020, UTSM, Exsim and Mightyprop entered into the extension agreement, pursuant to which Exsim has undertaken to (i) repay the Advance on or before 30 June 2021 and (ii) pay the interest calculated at the rate of 10% per annum accrued from 4 February 2019 up to the date of repayment and payable on 7 January 2021 and 7 July 2021 respectively, and UTSM agreed to such arrangement.

On 28 June 2021, the parties entered into a further extension agreement (the "**Further Extension Agreement**"), pursuant to which Exsim has undertaken to (i) repay the Advance on or before 30 June 2022 and (ii) pay the interest calculated at the rate of 10% per annum accrued from 4 February 2019 up to 30 June 2021 and at the rate of 11% per annum accrued from 1 July 2021 up to the date of repayment and UTSM agreed to such arrangement.

On 24 June 2022, the parties entered into a third extension agreement (the "**Third Extension Agreement**"), pursuant to which Exsim has undertaken to repay the advance on or before 30 June 2023 and to pay the interest calculated at the rate of 11% per annum accrued from 1 July 2022 up to the date of repayment and UTSM agreed to such arrangement.

On 30 June 2023, the parties entered into a fourth extension agreement (the "**Fourth Extension Agreement**"), pursuant to which Exsim has undertaken to repay the advance on or before 1 July 2024 with the interest calculated at the increased rate of 12% per annum accrued from 1 July 2023 up to the date of repayment and UTSM agreed to such arrangement.

On 28 June 2024, the parties entered into a fifth extension agreement (the "**Fifth Extension Agreement**") whereby the repayment schedule shall be amended such that Mightyprop shall refund in full to UTSM of all monies advanced by UTSM (i.e. RM12,000,000.00) across four (4) quarters, with the first payment becoming due and payable on 30 September 2024 and the last payment becoming due and payable on 30 June 2025. Interest will continue to accrue on the remaining unpaid portion of the advance at the rate of 12% per annum.

Advance to Arcadia Hospitality Sdn. Bhd.

On 23 April 2019, UTSM entered into a shares subscription agreement with 2 individuals, Performance Consortium Sdn. Bhd. (collectively referred as the "**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 from Arcadia's shareholders. 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.

On 13 July 2020, the Arcadia's Shareholders requested for further extension of long-stop date of the conditions precedent to complete the share subscription agreement and UTSM agreed to further extend the same to 31 December 2020. UTSM agreed to refrain from demanding immediate repayment of the advance until 31 December 2020 with interest rate remained unchanged.

On 30 December 2020, the parties entered into an agreement to amend the long-stop date for the fulfilment of the conditions precedent to the shares subscription agreement and the final repayment date of the advance to Arcadia to be extended to 31 December 2021, with the interest rate increased to 11% per annum during the extended term effective from 1 January 2021.

On 30 December 2021, the parties entered into a second supplemental agreement to extend the long-stop date for the fulfilment of the conditions precedent for the subscription of the shares in Arcadia and the final payment date of the advance to 31 December 2022 at the interest rate at 11% per annum.

On 31 October 2022, Arcadia delivered a notice of termination to UTSM to terminate the shares subscription agreement due to non-fulfilment of the conditions precedent. UTSM confirmed acceptance of the termination on 10 November 2022. It was agreed that the repayment schedule shall be amended such that Arcadia shall repay in full to UTSM of all monies advanced by UTSM (i.e. RM14,000,000.00) via few instalment payments across five (5) quarters, with the first payment becoming due and payable on 30 December 2022 and the last payment becoming due and payable on 29 December 2023. Interest will continue to accrue on the remaining unpaid portion of the advance at the rate of 11% per annum. The interest shall be paid on a quarterly basis or such other period as may be mutually agreed between the parties. Arcadia had fully settled the last instalment on 28 June 2024.

The financial advances to entities under Rule 13.20 of 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, 8 July 2019, 8 July 2020, 10 July 2020, 30 December 2020, 28 June 2021, 30 December 2021, 24 June 2022, 18 October 2022, 10 November 2022, 3 July 2023 and 27 July 2023 and 3 July 2024 respectively.

As at 30 June 2024, the circumstances giving rise to the disclosure under Rule 13.13 of the Listing Rules exist and the advances by the Group to Mightyprop as at 30 June 2024 amounted to aggregated principal values of RM12 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 1,326 (30 June 2023: 1,376) employees. Total staff costs incurred by the Group for the six months ended 30 June 2024 were approximately RM29.83 million (30 June 2023: approximately RM32.21 million). The employees of the Group are remunerated according to their job scope and responsibilities. Performance linked commission and allowances on top of fixed salary are paid to the employees to motivate productivity and performance. The employees are also entitled to annual discretionary performance bonus, salary increment and promotion based on timely performance reviews and annual appraisals.

FOREIGN CURRENCY EXPOSURE

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

SIGNIFICANT INVESTMENT HELD

As at 30 June 2024, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no other specific plan for material investments or capital assets as at 30 June 2024.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 June 2024, there was no material acquisition or disposal by the Group.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Save as disclosed in this announcement, there had been no material adverse changes in the business operation of the Group since 31 December 2023.

OUTLOOK AND FUTURE PROSPECTS

The Group's strategic objective remains unchanged, i.e. to continue focusing on the business strategies according to the details as disclosed in the section headed "Business — Business Strategies" of the prospectus of the Company dated 22 June 2017.

The Group continues to remain cautious and maintain its efforts to improve productivity and expects the overall outlook for the second half of 2024 to remain stable and resilient without material deviation from its existing outbound telemarketing workstations ordered from its existing clients.

In addition, the Group had also been constantly reviewing potential opportunities to increase its number of workstations ordered beyond its existing customer base by either working with new database owners, new insurers or takaful operators in order to improve the Group's financial performance.

DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

The Board declared a special dividend on 27 May 2024 of HK4.0 cents per share (equivalent to RM0.024 per share) out of the share premium account of the Company, the same of which was approved by the Shareholders by way of ordinary resolutions at the annual general meeting of the Company held on 26 June 2024. The special dividend was paid on 16 July 2024.

EVENTS AFTER THE REPORTING PERIOD

There was no material events subsequent to 30 June 2024 and up to the date of this announcement.

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 2024.

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 2024.

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 C3 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 2024.

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 C1 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 2024, save and except code provision D.2.5 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 2024.

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 comprises three independent non-executive directors, namely Mr. Kow Chee Seng (chairman of the audit committee), Mr. Chan Hoi Kuen Matthew and Ms. Tan Yee Vean.

Mr. Lee Shu Sum resigned from the audit committee with effect from 15 July 2024 and Ms. Tan Yee Vean was appointed as a member of the audit committee with effect from the same date.

The interim results for the six months ended 30 June 2024 have been reviewed by the audit committee, and no disagreement was raised by the audit committee in respect of the accounting treatments adopted by the Group. The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 have also been reviewed by the Company's auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The auditor's independent review report will be included in the Company's interim report for the six months ended 30 June 2024 to the Shareholders.

PUBLICATION OF FINANCIAL INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at unitedteleservice.com. The interim report of the Company for the six months ended 30 June 2024 will be despatched to the relevant Shareholders of the Company who have requested for the same and published on the aforesaid websites in due course.

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

Hong Kong, 29 August 2024

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. Kow Chee Seng, Mr. Chan Hoi Kuen Matthew and Ms. Tan Yee Vean.