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UTS MARKETING SOLUTIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6113)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024 RM'000	2023 RM'000
Revenue	4	93,064	94,439
Other income		2,456	2,918
Other gains and losses		(244)	(2,510)
Staff costs		(58,415)	(63,364)
Depreciation		(5,034)	(4,858)
Other operating expenses	6	(13,325)	(11,051)
Profit from operations		18,502	15,574
Finance costs		(318)	(487)
Profit before tax		18,184	15,087
Income tax expenses	7	(4,897)	(4,782)
Profit and total comprehensive income for the year	8	13,287	10,305
Earnings per share			
Basic	10(a)	RM3.32 cents	RM2.58 cents
Diluted	10(b)	N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Note</i>	2024 <i>RM'000</i>	2023 <i>RM'000</i>
Non-current assets			
Property, plant and equipment		4,530	5,224
Right-of-use assets		4,962	6,934
Subleasing receivables		99	–
		9,591	12,158
Current assets			
Trade receivables	11	21,290	19,652
Subleasing receivables		228	99
Other receivables		3,100	3,108
Financial assets at amortised cost	12	9,525	18,930
Tax recoverable		632	707
Pledged bank deposits		4,853	4,141
Bank and cash balances		14,387	15,187
		54,015	61,824
Current liabilities			
Accruals and other payables		5,630	5,800
Lease liabilities		3,011	3,406
Borrowings	13	–	71
Dividend payables		9,451	12,000
Current tax liabilities		290	234
		18,382	21,511
Net current assets		35,633	40,313
Total assets less current liabilities		45,224	52,471
Non-current liabilities			
Lease liabilities		2,098	3,373
Deferred tax liabilities		145	145
		2,243	3,518
NET ASSETS		42,981	48,953
Capital and reserves			
Share capital	14	2,199	2,199
Reserves		40,782	46,754
TOTAL EQUITY		42,981	48,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 23 August 2016. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business registered in Hong Kong is at Unit 1802, 18/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong. The headquarters and principal place of business of the Group is at 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 consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS Accounting Standards**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Hong Kong Interpretation 5 (“ HK Int 5 ”) (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, 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.”

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.”

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 HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the new and amendments to HKFRS Accounting Standards mentioned below.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, 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 directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments — Amendments to HKFRS 9 and HKFRS 7

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

4. REVENUE

An analysis of the Group's revenue from contracts with customers for the year from continuing operations is as follows:

	2024 <i>RM'000</i>	2023 <i>RM'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
— Telemarketing services income	<u>93,064</u>	<u>94,439</u>

The Group derives revenue from the transfer of services over time in Malaysia for the years ended 31 December 2024 and 2023.

5. SEGMENT INFORMATION

Operating segment information

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

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

Geographical information

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

Revenue from major customers

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

	2024 <i>RM'000</i>	2023 <i>RM'000</i>
Customer A	21,316	24,262
Customer B	11,873	12,323
Customer C	17,659	18,235
Customer D	<u>9,568</u>	<u>9,938</u>

6. OTHER OPERATING EXPENSES

	2024 <i>RM'000</i>	2023 <i>RM'000</i>
Auditor's remuneration	466	483
Campaign expenses	3,262	2,661
Consultancy expenses	3,133	1,163
Entertainment expenses	529	429
Legal and professional fees	288	415
Repair and maintenance expenses	553	500
Telephone and internet expenses	–	157
Training related expenses	542	692
Utilities expenses	580	671
Others	3,972	3,880
	<u>13,325</u>	<u>11,051</u>

7. INCOME TAX EXPENSES

	2024 <i>RM'000</i>	2023 <i>RM'000</i>
Current tax — Malaysian Income Tax		
Provision for the year	4,890	4,928
Under/(Over)-provision in prior years	7	(146)
	<u>4,897</u>	<u>4,782</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) on the estimated taxable profits for the year ended 31 December 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 years ended 31 December 2024 and 2023.

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.

8. PROFIT FOR THE YEAR

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

	2024 <i>RM'000</i>	2023 <i>RM'000</i>
Auditor's remuneration		
— Audit services	408	424
— Non-audit services	58	59
	466	483
Depreciation on property, plant and equipment	1,287	1,181
Depreciation on right-of-use assets	3,747	3,677
Loss on modification of financial assets at amortised cost	323	168
Reversal of impairment losses on financial assets at amortised cost	(155)	(349)
Staff costs (including directors' emoluments) (<i>note 1</i>)		
— Salaries, bonuses and allowances	51,162	55,540
— Retirement benefit scheme contributions	6,439	6,947
— Social insurance contributions	814	877
	<u>58,415</u>	<u>63,364</u>

Note 1: For the year ended 31 December 2024, government grants amounted to approximately RM387,000 (2023: RM801,000) have been offset against staff costs.

9. DIVIDENDS

	2024 <i>RM'000</i>	2023 <i>RM'000</i>
First special dividend of HK\$0.04 (equivalent to RM0.02452) (2023: HK\$0.065 (equivalent to RM0.0383)) per ordinary share paid	9,808	15,337
Second special dividend of HK\$0.04 (equivalent to RM0.02363) (2023: HK\$0.05 (equivalent to RM0.03)) per ordinary share	<u>9,451</u>	<u>12,000</u>
	<u>19,259</u>	<u>27,337</u>

The Board did not recommend payment of a final dividend for the years ended 31 December 2024 and 2023 respectively.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the following:

	2024	2023
	<i>RM'000</i>	<i>RM'000</i>
Earnings		
Earnings for the purpose of calculating basic earnings per share	<u>13,287</u>	<u>10,305</u>
	2024	2023
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>400,000</u>	<u>400,000</u>

(b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2024 and 2023.

11. TRADE RECEIVABLES

	2024	2023
	<i>RM'000</i>	<i>RM'000</i>
Trade receivables	21,416	19,778
Allowance for doubtful debts	<u>(126)</u>	<u>(126)</u>
	<u>21,290</u>	<u>19,652</u>

The Group's trade receivables represent receivables from customers. The general credit term of trade receivables is 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

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

	2024	2023
	<i>RM'000</i>	<i>RM'000</i>
0 to 30 days	8,249	8,310
31 to 60 days	6,819	8,372
61 to 90 days	3,068	1,140
91 to 120 days	882	1,568
121 to 180 days	1,050	262
Over 180 days	1,222	–
	21,290	19,652

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

12. FINANCIAL ASSETS AT AMORTISED COST

	2024	2023
	<i>RM'000</i>	<i>RM'000</i>
Loan receivables	8,851	17,898
Interest receivables	708	1,221
	9,559	19,119
Less: Impairment loss	(34)	(189)
	9,525	18,930

The amounts represent loan advanced to independent third parties with aggregated principal values of RM9,000,000 (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 11% per annum and repayable on or before June 2023. In June 2023, the repayment date was further extended one year to July 2024 with the interest rate increased from 11% per annum to 12% per annum. In June 2024, the repayment dates were extended one year to 30 June 2025; and in September 2024, the repayment dates were further extended to 30 September 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 December 2024 and the last payment payable on 30 September 2025. During the year ended 31 December 2024, the first instalments of RM3,000,000 has been settled.

On 23 April 2019, UTSM entered into 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 balance of RM8,000,000 was settled in prior years and the remaining outstanding balance of RM6,000,000 has been fully settled on 28 June 2024 in accordance with the repayment schedule.

Further details of the above transaction 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 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. Reversal of impairment losses of approximately RM155,000 (2023: RM349,000) was recognised for the year ended 31 December 2024.

13. BORROWINGS

	2024 <i>RM'000</i>	2023 <i>RM'000</i>
Bank overdrafts, secured and repayable on demand	<u>–</u>	<u>71</u>

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

At 31 December 2023, the Group's average interest rates for the bank overdrafts is 8.54%.

The Group's bank overdrafts are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

As at 31 December 2023, the Group's bank overdrafts are secured by the pledged bank deposits and the corporate guarantees provided by the Company.

14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised: Ordinary shares of HK\$0.01 each At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>10,000,000,000</u>	<u>100,000</u>

	Number of shares	Amount <i>HK\$'000</i>	Equivalents to amount <i>RM'000</i>
Issued and fully paid: Ordinary shares of HK\$0.01 each At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>400,000,000</u>	<u>4,000</u>	<u>2,199</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2024 is 32% (2023: 34%).

The externally imposed capital requirement for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float at least 25% of the issued shares; and (ii) to meet financial covenants attached to the banking facilities.

The Group receives a report from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2024, 25% (2023: 25%) of the shares were in public hands.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings for the years ended 31 December 2024 and 2023.

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 31 December 2024, the Group was operating eight contact centres located within the central business district of Kuala Lumpur, Malaysia and one branch contact center in the State of Melaka, Malaysia.

The Group's net profit for the year ended 31 December 2024 amounted to approximately RM13.3 million, representing an increase of approximately RM3.0 million as compared to approximately RM10.3 million for the year ended 31 December 2023.

The increase in net profit was mainly attributable to the non-recurring written-off losses of a one-off deposit of approximately RM2.69 million as liquidated damages in 2023.

FINANCIAL REVIEW

Revenue

	2024	2023
	<i>RM'000</i>	<i>RM'000</i>
Industry Sector		
Insurance	54,631	59,300
Banking and financial	11,279	8,201
Others	27,154	26,938
	<hr/>	<hr/>
Total	93,064	94,439
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2024, the Group recorded revenue of approximately RM93.06 million, representing a slight decrease of approximately 1.46% as compared with approximately RM94.44 million for the year ended 31 December 2023.

The overall average number of workstations ordered per month decreased slightly from approximately 1,110 for the year ended 31 December 2023 to 1,095 for the year ended 31 December 2024.

However, despite the slight decrease in seat orders, the revenue generated per workstation per month remained relatively stable at RM7,082 for the year 31 December 2024 (31 December 2023: RM7,090).

Other income

For the year ended 31 December 2024, other income decreased by approximately RM0.46 million as compared to prior year mainly due to lower imputed interest income from financial assets at amortised costs.

Other gains and losses

For the year ended 31 December 2024, other losses decreased by approximately RM2.27 million from losses of approximately RM2.51 million for the year ended 31 December 2023 to losses of approximately RM0.24 million for the year ended 31 December 2024, mainly due to non-recurring written-off losses of a one-off deposit of approximately RM2.69 million as liquidated damages to the developer as a result of the termination of the acquisition agreements of properties in 2023.

Staff Costs

For the year ended 31 December 2024, staff costs decreased by approximately RM4.94 million or 7.8% from approximately RM63.36 million for the year ended 31 December 2023 to approximately RM58.42 million.

The average number of staff decreased from a monthly average of 1,417 for the year ended 31 December 2023 to 1,297 for the year ended 31 December 2024.

Overall staff costs per staff per month remained relatively stable at approximately RM3,753 for the year ended 31 December 2024 as compared to approximately RM3,726 for the year ended 31 December 2023.

Depreciation

For the year ended 31 December 2024, depreciation charges remained relatively stable at approximately RM5.03 million as compared to RM4.86 million for the year ended 31 December 2023.

Other operating expense

For the year ended 31 December 2024, other operating expenses increased by approximately RM2.28 million or 20.6%, from approximately RM11.05 million for the year ended 31 December 2023 to approximately RM13.33 million for the year ended 31 December 2024.

The increase was primarily due to higher telemarketing campaign cost of RM0.60 million and higher analytical consultation fee of RM1.97 million.

Finance costs

For the year ended 31 December 2024, finance costs decreased by approximately RM0.17 million from approximately RM0.49 million for the year ended 31 December 2023 to approximately RM0.32 million for the year ended 31 December 2024.

Income tax expenses

The Group reported an income tax expense provision of RM4.90 million and RM4.78 million from the assessable profits for the years ended 31 December 2024 and 2023 respectively.

Net profit and net profit margin

As a result of the above factors, the Group recorded profit after tax of approximately RM13.29 million and RM10.30 million for the years ended 31 December 2024 and 2023 respectively, with net profit margin of approximately 14.3% and 10.9% for the corresponding years.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Financial resources

The Group generally meets its working capital requirements and capital expenditures on plant and equipment from its internally generated funds. For the year ended 31 December 2024, the Group generated net cash inflow from operating activities of approximately RM14.98 million (2023: approximately RM14.33 million). The Group was able to fulfill its repayment obligations when they became due. The Group has not experienced any material difficulties in rolling over its banking facilities.

Banking facilities and lease liabilities

As at 31 December 2024, the Group had available and unutilised facilities from its banks amounting to approximately RM16.1 million (2023: approximately RM16.1 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 was 9.02% (2023: 8.54%). The banking facilities are secured by the pledged bank deposits and the corporate guarantees provided by the Company.

As at 31 December 2024, the Group had an aggregate amount of current and non-current lease obligations of approximately RM5.11 million (2023: approximately RM6.78 million), denominated in Malaysian Ringgit. The average effective interest rate for the leases was 4.81% (2023: 4.35%). The carrying amount of lease obligations amounted to approximately RM1.97 million (2023: approximately RM1.78 million) and is secured by the lessor's retention of title to the leased assets.

Capital Structure

As at 31 December 2024, the Group's total equity and liabilities amounted to approximately RM42.98 million and RM20.63 million respectively (2023: approximately RM48.95 million and RM25.03 million respectively).

Pledge of Assets

As at 31 December 2024, the Group's bank facilities, denominated in Malaysian Ringgit, were (i) secured by the pledged bank deposits of approximately RM4.85 million (2023: approximately RM4.1 million); and (ii) guaranteed by corporate guarantees of the Company.

Gearing Ratio

The gearing ratio of the Group as at 31 December 2024 was 11.9% (2023: 14.0%) which is calculated based on the total debt divided by equity attributable to equity holders of the Company. Total debt represents bank overdrafts and lease liabilities. The Group has a strong liquidity position to meet its operational needs.

RISKS FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The Company has identified and determined the major risks factors which may affect the operation results and financial conditions of the Group through risk management process, which include the following:

Risk in the 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 31 December 2024, the Group had 1,225 employees. Total staff costs incurred by the Group for the year ended 31 December 2024 was approximately RM58.42 million (2023: approximately RM63.36 million), representing approximately 62.8% of the Group's revenue for the year ended 31 December 2024 (2023: 67.1%).

To manage such risk, the Group has endeavored to attract and retain sufficient number of staff, in particular our telemarketing sales representatives by offering performance-linked commission and incentive based on pre-determined sales target.

In addition, appropriate corrective actions and re-training measures have been 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 71.0% of the total revenue for the year ended 31 December 2024 (2023: 74.0%). All the five largest clients are insurance companies or charitable organisation.

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

To manage such risk, the Group monitors the trade receivables collection status from time to time in order to ensure that the outstanding amounts due from our clients can be fully recovered. As at 31 December 2024, the Group has recorded trade receivables of approximately RM21.29 million. Up to the date of this announcement, approximately RM17.94 million or 84.3% of the outstanding trade receivables balances as at 31 December 2024 have been subsequently settled.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group did not have any significant capital commitments contracted for but not yet incurred item (31 December 2023: nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 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 Advance was extended to June 2020 and the interest rate remained unchanged.

On 8 July 2020, UTSM, Exsim and Mightyprop entered into an 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 1 July 2020 to 31 December 2020 and 30 June 2021, which shall be payable on 7 January 2021 and 7 July 2021 respectively.

On 28 June 2021, upon further negotiations between UTSM, Exsim and Mightyprop, 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 on a daily basis accrued from 4 February 2019 up to 30 June 2021 and at the rate of 11% per annum on a daily basis 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 on a daily basis and UTSM agreed to such arrangement. Apart from the aforesaid, all other terms of the agreement remained unchanged.

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 on a daily basis 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. On 24 September 2024, Mightyprop requested for deferment of the first payment to becoming due and payable on 31st December 2024 and the last payment becoming due and payable on 30 September 2025. Mightyprop had settled the first installment of RM3,000,000 on 16 December 2024. Interest will continue to accrue on the remaining unpaid portion of the advance at the rate of 12% per annum.

The Fifth Extension Agreement dated 28 June 2024 constituted a discloseable transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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 transaction and UTSM agreed to further extend the same to 31 December 2020. Incidental to the said extension, UTSM may refrain from demanding immediate repayment of the advance until 31 December 2020 with interest rate remains unchanged.

On 30 December 2020, upon further discussion among the parties to the said shares subscription agreement, the parties have entered into an agreement on 30 December 2020 to amend the longstop date for the fulfilment of the conditions precedent to the shares subscription agreement to 31 December 2021 and the final repayment date of the advance to Arcadia to be extended to 31 December 2021, with the interest of 11% per annum, an additional rate of 1% per annum from 10% per annum on 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 to 31 December 2022 and the final payment date of the advance to 31 December 2022 at the interest rate fixed at 11% per annum on the extended term.

On 31 October 2022, Arcadia has delivered a notice of termination to UTSM to terminate the said shares subscription agreement due to non-fulfilment of the conditions precedent. UTSM confirmed acceptance of the termination of the agreement on 10 November 2022. In connection with the termination, it was agreed that the repayment schedule of the advance shall be amended such that Arcadia shall refund 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 in accordance with the agreed repayment arrangement. Interest will continue to accrue on the remaining unpaid portion of the advance at the rate of 11% per annum calculated on a daily basis. The interest shall be paid on a quarterly basis on the proposed quarterly payment dates as agreed 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, 27 July 2023 and 3 July 2024 respectively.

As at 31 December 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 31 December 2024 amounted to aggregate principal values of RM9 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 1,225 (31 December 2023: 1,412) employees. Total staff costs incurred by the Group for the year ended 31 December 2024 were approximately RM58.42 million (2023: approximately RM63.36 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 were given to the employees to motivate productivity and stimulate better performance. The employees are also entitled to annual discretionary performance bonus, salary increment and promotion based on regular performance reviews and annual appraisals.

INTEREST RATE RISK

As at 31 December 2024, the Group's pledged bank deposits, financial advances and lease liabilities bore interest at fixed interest rates and therefore were subject to fair value interest rate risk. The Group's exposure to cash flow interest rate risk arises from its bank deposits and bank overdrafts. These deposits and bank overdrafts bore interests at variable rates that are subject to the then prevailing market condition. The Board believes that the Group does not have significant interest rate risk exposures.

FOREIGN CURRENCY EXPOSURE

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

SIGNIFICANT INVESTMENT HELD

As at 31 December 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 specific plan for material investments or capital assets as at 31 December 2024.

MATERIAL ACQUISITIONS OR DISPOSALS

During the year ended 31 December 2024, the Group did not have any material acquisitions and disposals of subsidiaries, affiliated companies, associates or joint ventures.

OUTLOOK AND FUTURE PROSPECTS

The Group's strategic objective remains unchanged and will continue focusing on the business strategies as set out in the section headed "Business — Business Strategies" of the Prospectus.

The Group continues to remain cautious and maintain its efforts to improve productivity and expects the overall outlook for the year 2025 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 identifying potential opportunities to increase its number of workstations ordered beyond its current customer base by either working with new database owners, new insurers or takaful operators in order to improve the Group's financial performance.

DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 December 2024.

ANNUAL GENERAL MEETING

The Company will announce the details of the annual general meeting in due course.

RETIREMENT BENEFIT SCHEME

The Group contributes to Employees Provident Fund for their employees in accordance with the statutory requirements prescribed by the relevant Malaysian laws and regulations. The Group is required to contribute certain percentage (6%–13%) of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

For the year ended 31 December 2024, the total amount contributed by the Group to the retirement benefit scheme was approximately RM6.44 million (2023: approximately RM6.95 million).

During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under its retirement benefit scheme which may be used to reduce the existing level of contributions.

EVENTS AFTER THE REPORTING PERIOD

There had been no material event subsequent to 31 December 2024 which requires adjustment to or disclosure in this announcement.

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 year ended 31 December 2024.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

There had been no material changes on the business operation of the Group since 31 December 2024.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 14 June 2017 and the same became effective from 12 July 2017, the date on which the Shares were listed and commenced trading on the Stock Exchange. No option was granted, exercised, cancelled or lapsed during the year ended 31 December 2024. As at 1 January 2024 and 31 December 2024, the number of options available for grant was 40,000,000 and 40,000,000 respectively, representing 10% of the entire issued share capital of the Company.

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 the contribution they had or may have made to the Group. The Share Option Scheme will provide the eligible participants the opportunity to have 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.

Subject to the restrictions under the Listing Rules, eligible participants of the Share Option Scheme include (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; (iii) any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), contractors, suppliers, service providers, agents, customers and business partners of the Company or any of its subsidiaries; and (iv) any such other persons who in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries. Subject to the requirements under the Listing Rules relating to the grant of share options to the Directors, chief executive or substantial shareholders, unless approved by the shareholders at general meeting in the manner prescribed in the Listing Rules, the maximum entitlement of each eligible participant is that the total number of shares issued and to be issued upon exercise of the outstanding options granted and to be granted to such grantee (including both exercised, cancelled and outstanding options) under the Share Option Scheme and other scheme(s) of the Group in any 12-month period must not exceed 1% of the issued share capital of the Company as at the date of grant.

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 year ended 31 December 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 year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

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

For the year ended 31 December 2024, the Company has complied with the code provisions 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 during the said period, save and except for code provision D.2.5 of the CG Code. Code provision D.2.5 of the CG Code stipulates that an issuer should have an internal audit function. 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 a function. The Board reviews and will continue to review the need to set up an independent internal audit function on an annual basis. At the current stage, our finance team assumes the responsibility for conducting regular review of internal control procedures. Such arrangement can be improved, but the Board is not concerned with the lack of segregation of duties taking into account the current organisational structure, lines of responsibility and authority of the management team and the risks associated with the operations of the Group. The Board considers that the internal control and risk management system is effective and adequate during the year ended 31 December 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. As at the date of this announcement, 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.

The draft audited annual results of the Company for the year ended 31 December 2024 as set out in this announcement have been reviewed by the Audit Committee. The Audit Committee also reviewed together with the management the accounting principles and policies adopted by the Group and the draft audited consolidated financial statements for the year ended 31 December 2024.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary results announcement for the year ended 31 December 2024 have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's consolidated financial statements. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants. Consequently, no assurance has been expressed by RSM Hong Kong on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at <http://unitedteleservice.com>. The 2024 annual report of the Company will be despatched to shareholders of the Company and published on the aforesaid websites in due course.

On behalf of the Board
UTS Marketing Solutions Holdings Limited
Ng Chee Wai
Chairman and Executive Director

Hong Kong, 28 March 2025

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.